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THURSDAY, AUGUST 31, 1944



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Ohio Association Applies for N.A.I.A. Membership

Van Vechten Is State
Director—Expect
Completion by Oct. 1

COLUMBUS, O. — Theodore M. Gray, executive secretary of Ohio Association of Insurance Agents, has announced that the association has applied for membership in the National Association of Insurance Agents. This action was taken upon the unanimous vote of the board of trustees, after receiving and approving the report of the committee which had been named to study re-affiliation with the N.A.I.A.



J. F. Van Vechten

J. F. Van Vechten, president Ohio association, said that the officers of the state association had held several conferences with Fred A. Moreton, Salt Lake City, president of the National association, relative to industry problems and that these conferences had led to a high degree of confidence and cooperation. The preliminaries for re-affiliation with the N.A.I.A. are nearing completion, it was announced, and it is expected that the re-affiliation will be officially accomplished by Oct. 1. Mr. Van Vechten has been selected by the board of trustees as state national director to represent Ohio in the national organization.

Attend Ohio Conference

In addition to the officers and trustees of the Ohio association, there were present at the meeting at which the re-affiliation action was taken, Karl D. Dakin, Lebanon; former state association president; Henry Frankel, president Insurance Board of Cleveland; John L. Meyer, Brooks & Stafford Co., Cleveland; and West Shell, A. W. Shell & Co., Cincinnati.

"The Ohio Association of Insurance Agents," Mr. Van Vechten said, "is one of the largest and most effective insurance associations in the country and its re-affiliation with the national organization promises to add unity to the American agency system's effort to serve the insuring public even more efficiently than it has in the past. Organized in 1893, the Ohio association has an enviable record of accomplishment and the re-affiliation with the National association is an auspicious action at this time."

The Ohio Association of Insurance Agents will hold its annual convention Oct. 23-24 in Columbus.

In view of the coming re-affiliation, President Fred A. Moreton of the N.A.I.A. will address the Ohio agents' convention.

MORETON IS PLEASED

NEW YORK—Following action of trustees of the Ohio association in voting to reaffiliate, the application was accepted by the National association and upon completion of necessary details, members of the Ohio association will become members of the National body.

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Commissioners' Stand on Supervision Crisis

The text of the report of the subcommittee on federal legislation to the executive committee of the National Association of Insurance Commissioners, which was officially approved at St. Louis Tuesday:

The history of state regulation in the United States began early in the 19th century when the commonwealth of Massachusetts passed a statute requiring insurers to file statements of their condition with the legislature. Gradually the scope of regulatory legislation expanded in this and other states. In 1851 New Hampshire became the first state to create an insurance department.

In 1869 exclusive state regulation was sustained by the Supreme Court in the famous case of Paul v. Virginia (8 Wall 168). The court held that insurance was not commerce and sustained the provisions of the statute of Virginia which gave rise to the litigation. The Paul case became a landmark in the insurance field and for seventy-six years was the law of the land, its principle being cited and reaffirmed by the United States Supreme Court no less than 22 different times.

Section 8 of Article I of the Constitution of the United States provides that, "The Congress shall have power . . . to regulate commerce with foreign nations and among the several states and with the Indian tribes." The tenth amendment to the Constitution provides that, "The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people."

State Regulation Developed

In view of the principle laid down in the Paul case, regulation of the insurance business by the several states developed progressively throughout the years. Every state in the Union, the District of Columbia, and even the territories, has a division or a department devoted to insurance regulation. Unlike some fields of business activity in which there was concurrent regulation by both the federal government and the states, regulation of the insurance business throughout the period under review was conducted exclusively by the states.

This system was of great benefit to the public. The insurance business is essentially a financial institution in which the maintenance of stability is of prime importance. It was long recognized that its regulation should be as stable as the business itself and the decisions of the various state regulatory authorities were characterized by a certainty which enabled the business to make long-range plans and commitments which are so essential to it, the policyholders and the public alike.

All this did not come to pass by mere happenstance. From time to time efforts were made to federalize the regulation of the business.

In 1866 a bill was introduced in the House providing for the creation of a national bureau of insurance as a subordinate part of the Treasury Department. The bill was not passed. (H. R. 738, 39th Cong., 1st Sess., June 29, 1866.)

In 1868 a bill was introduced in the Senate proposing a national bureau of insurance. The bill was not passed. (Senate Bill 299, 40th Cong., 2nd Sess.)

In 1892 a bill was introduced in the House to create the office of commissioner of insurance. The bill was never reported out of committee. (H. R. 9629, 52nd Cong., 1st Sess.)

In 1897 a bill was introduced in the Senate to declare that insurance com-

panies operating outside of the states of their incorporation were to be deemed engaged in interstate commerce. The bill was never reported out of committee. (Senate Bill 2736, 55th Cong., 2nd Sess.)

Theodore Roosevelt's Plea

In December, 1904, President Theodore Roosevelt, in his message to Congress, suggested that careful consideration be given to whether the constitutional powers of Congress with respect to commerce extended to transactions in insurance.

Shortly thereafter a bill was introduced in the Senate by Senator Dryden to establish a bureau of insurance in the then recently created Department of Commerce and Labor. The bill died in committee. (Senate Bill 7277, 58th Cong., 3rd Sess.)

Again in 1905 President Theodore Roosevelt, in his message to Congress, discussed the question of regulating interstate insurance transactions. Consideration of this portion of his message was referred to the committees on the judiciary of the House and the Senate.

Recall House Committee's Words

The report of the House judiciary committee, in recommending no action, stated:

"The question as to the power of Congress to regulate and control insurance corporations created by the states has been squarely and fully presented to the Supreme Court of the United States, and the court has many times held that insurance is not commerce, and that Congress has no power to regulate insurance corporations or their business. The views of the Supreme Court have practically met the approval of the bar and business men of the United States as being in accordance with the law and common sense (p. 14).

DOUBT DISPELLED

"If there was any doubt upon the subject, it has been dispelled by the argument made for federal control. All at once it is voiced throughout the nation that a way out of the difficulty has been discovered, and the happy thought is suggested that Congress can declare insurance to be commerce; and that on account of the great interests involved the Supreme Court will reverse itself and the law of the nation and hold the legislation constitutional. The suggestion is not very complimentary to the Supreme Court that, on account of great interests involved, that tribunal would reverse its decisions for a century, absolutely wipe out and destroy the police powers of the states that have so many times been upheld by that court" (p. 18). (H. R. Rep. No. 2491, 59th Cong., 1st Sess., March 23, 1906.)

The Senate committee on the judiciary made a similar recommendation. (Sen. Rep. No. 4406, 59th Cong., 1st Sess., 1906.)

Proposed Amendment Died

In 1914 and 1915 resolutions were introduced in both the House and the Senate proposing an amendment to the Constitution to the effect that "the Congress shall have the power to regulate the business or commerce of insurance throughout the United States and its territories or possessions." The resolutions were submitted to the committees on the judiciary of both the House and the Senate. No report was made on the resolutions by either committee. (S. J. Res. 103, 63rd Cong., 2nd Sess.; H. J. Res. 194, 63rd Cong., 2nd Sess.; S. J. Res. 58, 64th Cong., 1st Sess.)

In 1933 Senator Robinson of Indiana introduced a resolution calling for an amendment to the Constitution giving Congress the power to "regulate the business or commerce of insurance throughout the United States and all territories subject to the jurisdiction thereof." The resolution died in committee. (S. J. Res. 51, 73rd Cong., 1st Sess.)

The foregoing history of Congressional refusal to enter the insurance regulatory field, together with a long list of judicial decisions, to which reference has been made, all combined to encourage and ac-

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Policy and Course of Action Is Now Established

Commissioners and Industry Groups Reach Agreement on Federal Issues

By LEVERING CARTWRIGHT

The insurance commissioners and the organized portion of the industry are now committed on policy and to a course of action in the crisis created by the U.S. Supreme Court decision that insurance is commerce. After the three months of feverish and concentrated attention to the problem that has passed since the decision was announced June 5, a formal statement was approved by the executive committee of the National Association of Insurance Commissioners at St. Louis Tuesday evening. The statement was given approval by the industry representatives present and assurance given that those elements of the business will join with the commissioners in drafting federal legislation to carry out the recommendations in the statement and in seeking passage of such bills.

The recommendations are that the commissioners get their attorneys general to join in the petition to the Supreme Court for rehearing of the S.E.U.A. case; that legislation be enacted by Congress declaring that insurance regulation and taxation be left with the states; that insurance be exempted from the federal trade commission and Robinson-Patman acts and that there be excluded from the prohibitions of the Sherman and Clayton anti-trust acts "all reasonable cooperative procedures necessary and incidental to the establishment of statistical rate bases, rates, coverages, and related matters."

Steering the Legislation

After approving the statement the commissioners adopted a resolution stating it is essential that the industry and commissioners should act in concert to obtain prompt passage of legislation and inviting the industry to join the commissioners in sponsoring legislation through joint committees appointed by the president of the commissioners association and the industry.

The statement that was approved was in the main the report that was prepared by the subcommittee on federal legislation headed by Graves of Arkansas following five days of deliberation in Chicago two weeks ago. That report was distributed Monday morning at St. Louis to the 21 commissioners and industry representatives attending. Then for two days, with the press excluded, the group engaged in intense discussion and debate centering principally on what everyone there got to know as point No. 4. That is the proposal for qualified exemption from the anti-trust laws. Many of the commissioners and industry representatives strongly advocated a proposal coinciding with the Bailey bill simply to exempt insurance from the anti-trust laws.

J. R. Berry, general counsel of the National Board of Fire Underwriters, was the representative at St. Louis of the stock fire insurance interests and he argued against qualifying the anti-trust amendment. He advanced the argu-

(CONTINUED ON PAGE 17)

T. G. Linnell Is Now Head of the Blue Goose Order

Annual Grand Nest Convention at Denver Is Highly Successful

NEW OFFICERS ELECTED

Most loyal grand gander—Thos. G. Linnell, general agent, Minneapolis.
Grand supervisor—Phil M. Winchester, Fire Companies Adjustment Bureau, New York.
Grand custodian—George E. Edmondson, general agent, Tampa.
Grand guardian—E. J. Beauvais, Montreal Securities Corp., Montreal.
Grand keeper—E. W. Trenbath, North Union, Seattle.
Grand wielder—R. A. Kenzel, Phoenix of London, Milwaukee.

By W. T. BENALLACK

The opening ceremonies of the Honorable Order of the Blue Goose started Wednesday morning with the assembling of delegates and guests of which over 150 were present.

Howard A. Reynolds, most loyal grand gander, and formerly of the Colo-



THOS. G. LINNELL

rado pond, extended a cordial greeting to the members.

The presentation of the colors took place with the singing of the national anthems, and the Rev. Paul White delivered the invocation.

The welcome to Colorado was extended by Commissioner of Insurance Luke J. Kavanaugh, a member of the Colorado pond, which was of a most interesting and historical nature.

The report of Mr. Reynolds, in spite of the trying and unusual conditions incident to the war was most gratifying, showing an increase in membership of 175 and a total membership of 7,702, the largest in the history of the order. His report was referred to a committee of which P. M. L. G. G. Wm. T. Benallack, was chairman and the report was highly commended and his recommendation approved.

Grand Wielder Kenzel presented his annual report showing a very satisfactory financial condition. There are 877 members of the order in the service of our country.

Rand M. Hill, general chairman of the Colorado pond, provided as much

(CONTINUED ON PAGE 7)

Assured Plan to Guard Against V-Day Damage

NEW YORK—While the question of whether damage done by groups celebrating victory is covered under extended coverage or riot and civil commotion policies is being studied and discussed, businesses such as hotels and department stores catering to the public are taking elaborate precautions to be prepared for just such an eventuality. Saks Fifth Avenue, for example, one of New York's leading stores, has distributed copies of a comprehensive booklet to all of its employees, instructing them what to do should hostilities with Germany and Japan cease. The store will close immediately following receipt of the word of the surrender of either of the axis powers. If the news comes at night, the store will not be open the next day.

A set announcement will be made over the store's public address system and the building will be evacuated of both customers and employees as soon as possible. Air raid floor crews will go on duty, along with "fire brigade crews and fire exit crews to prevent tampering with sprinkler valves, electric switches and fire alarm signal boxes. Watchmen and searchers will direct an orderly and calm evacuation of their floors. As soon as all persons have left the floors and after the lights have been extinguished and windows closed, the air raid crews will likewise leave the building."

It is understood other stores have taken similar precautions.

The riot and civil commotion department of one of the large insurance companies is now making a careful check of its claim records to find out what claims occurred following the armistice in 1918.

Saks and a number of other stores have also built special wooden shutters which fit completely over street display windows. While it has been customary for department stores to erect wooden supports to shield display windows from crowd pressure when there are parades or other occasions when large street crowds are expected, this is the first time shutters have been constructed to cover the windows completely.

BELIEVES E. C. COVERS

Howard H. McMullin, manager of the insurance department of the Home Loan & Investment Co., at Grand Junction, Colo., writes that insurance companies would pay for V-Day celebration damage as a matter of law rather than as a matter of public policy, under the terms of the extended coverage endorsement.

The extended coverage endorsement reads, he writes, that "the coverage of this policy is extended to include direct loss by . . . riot . . . civil commotion . . ." Lines 51-57 of the extended coverage endorsement in no way limit this language, Mr. McMullin points out.

While Webster defines riot as the "tumultuous disturbance of the public peace by an unlawful assembly of three or more persons in the execution of some private project," the term "civil commotion" has no such circumscribed definition, Mr. McMullin states. The word "civil," which governs, is "of, pertaining to, or made up of, citizens." Therefore a "commotion" of citizens, that is, inhabitants, civilians, persons enjoying the privileges and protection of the government, is clearly within the coverage of the extended coverage endorsement.

Three Heavy Kentucky Fires

The loss as a result of fire in a branch of the Sears, Roebuck & Co. at Owensboro, Ky., housed in a four-story building, will run more than \$100,000.

At Louisville, Walgreen drug store at Bardstown road and Bonnycastle avenue, suffered loss estimated at \$25,000 from fire, smoke and water. Fire did \$75,000 damage to the four-story building of the Kentucky Looms at 226 West Main

To File Rehearing Petition Friday

States Attorneys-General Expected to Submit Amici Curiae Brief

WASHINGTON—The Southeastern Underwriters Association's petition for a rehearing is expected to be filed Friday, which is the final day under the time extension granted by the Supreme Court. Petitions for rehearing are customarily relatively short, since they are supposed to be limited to either new material or matter which the court apparently did not take into consideration.

It is understood that the attorneys-general of many of the states are preparing to file a brief as amici curiae though not until some time after Friday, as the Sept. 1 deadline does not apply to the states' right to intervene. At the same time, the attorneys-general will obviously want to get their briefs filed in time to be assured of adequate consideration by the court in deciding whether or not to rehear the case. There is no exact indication thus far of how many states will join in the brief. Incidentally, the right to intervene in a case to which it is not a party is a right of the state and does not have to be by the court's permission.

Rail Case Not Analogous

The Justice Department's recently announced prosecution of the railroads for alleged anti-trust violations has caused some speculation as to a possible parallel with the S.E.U.A. case. However, according to lawyers familiar with anti-trust litigation there is no close parallel between the two cases, except perhaps that both cases indicate the Justice Department's tendency to extend its scope into entirely new fields.

There has never been any doubt that the railroads were commerce and hence subject to the anti-trust laws. The interstate commerce act gave the Interstate Commerce Commission jurisdiction over the roads, which would seem to be all the control that is needed.

Lockhart Urges Passage of States Rights Insurance Law

Suggesting that Congress should pass a law keeping the regulation and control of insurance in the hands of the respective states, Chairman O. P. Lockhart of the Texas board of insurance commissioners advocates an amendment to the constitution to keep insurance out of federal control. He urged Texas citizens to ask their congressmen to pass H.R. Bill 3072, which would continue state regulation.

Congress does not have the facts nor the time for devising a plan that could displace the settled, safe system of operation under state control which has been carefully tested and proved during the past ninety-five years, Lockhart said. Nor is the federal government in a condition to administer the plan. Laboring under its wartime obligations it cannot assume new duties except at the risk of many mistakes.

The matter is one for the people to decide. The companies too should have the right to place the matter before their policyholders. Investments totaling over forty-five billions of dollars are at stake, he said.

View Industrial Fire Hazards

GRAND RAPIDS, MICH.—Industrial fire hazards growing out of the use of new, highly combustible materials, such as magnesium and certain plastics, are being discussed at the annual conference of the International Association of Fire Chiefs here this week.

street, Louisville, producers of infants wear and women's scarfs.

Minnesota Agents Plan to Expand Service, Activities

Williams Is New President; Call for Less Insurance Bureaucracy

NEW OFFICERS ELECTED

President—Howard Williams, Mankato.
Chairman executive committee—William Knudsen, Hibbing.
State national director—Richard A. Thompson, Minneapolis.
Executive secretary-treasurer—Frank A. Preston, Minneapolis.
Members executive committee—George Feevig, Moorhead; Guy Rolien, Milaca; G. A. Thompson, Minneapolis; Edwin Swanberg, Worthington; Daniel Mills, Lake City; Clifford Gesme, Benson; J. V. Merrill, St. Paul, and Robert Lundberg, Duluth.

ST. PAUL—An era of expanded activities and service to its members is ahead for the Minnesota Association of Insurance Agents following action at the annual meeting in amending its constitution to make possible larger revenues. Expected opposition to the amendment did not materialize on the floor of the convention and it was adopted without a dissenting vote.

The amendment gives the executive committee authority to set the dues based on premium income (except life) and each member is required to make a confidential statement of such premium income for the previous calendar year for the purpose of determining his annual dues. The new arrangement will make possible the employment of a full time executive secretary to direct the activities of the association.

The Minnesota association has a record membership of 752, putting it in sixth place among state associations in size. Due to war depletions the membership had dropped close to the 700 mark but an aggressive campaign under William Knudsen of Hibbing brought it back.

Record Attendance
Attendance was one of the largest in history, 410, due in part to the mass examination of agents by the insurance department. More than 400 reported for the test Friday morning.

The association backed Commissioner Johnson's efforts to improve the standard of agents' qualifications and members were urged to fight any legislative attempts to sabotage the examination program. The association has for several years worked for stricter standards for agents and the recent ruling of Commissioner Johnson that all agents must pass an examination before June 1, 1945, was in part an outgrowth of the association's campaign for higher standards in the business.

Companies were put on the carpet at the meeting for their failure to provide certain coverages which assured demand of their local agents. "Therefore, we are subjected to criticism for our inability to serve clients in accordance with their reasonable demands," one of the resolutions adopted said.

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Howard Williams

Agents Investigate Ways to Hedge Against Blitz

Some Take Bearish View—Study Real Estate Field

Local agents, particularly those with large operations, are striving these days to apprehend what charges may come about as a result of the S.E.U.A. decision that will affect the income and profits of the local agent. A number of the most prominent and successful agency executives are taking a rather bearish view of the probabilities and are casting about for some way of hedging against the possibility of agency income evaporating in a cycle of premium and commission rate reduction. The consensus seems to be that the S.E.U.A. division may very well set in motion changes that will reduce the margin of profit to the local agent on his existing business and that it is at least the part of wisdom to see what steps if any can be taken to cushion the shock if shock there is to be.

Turn to Life Insurance

Recently THE NATIONAL UNDERWRITER reported that one of the leading agency and brokerage organizations of the country has decided to emphasize its life insurance activity and has set about to increase its life insurance commission account in relation to its whole business. The management feels that if the fire and casualty accounts are not adversely affected, then the organization will have increased its earning capacity and will have gained momentum whereas if the fire and casualty business should be badly riddled the new life business will compensate.

Other agencies are giving serious consideration to becoming interested in real estate activity, particularly in sales. Already, many agents who have been exclusively in the insurance business, have been attracted by the current activity in real estate sales and have turned their hand in that direction. They have seized an opportunity of the moment. However there are agents today who are considering the real estate field, not simply as a matter of supplementing their current income, but more as a hedge against a decline in the volume of fire and casualty commissions.

Agents also are investigating the possibility of buying other agencies on advantageous terms on the theory that in the future it may be necessary to handle a considerably larger volume of business to produce the same commission return as today.

Other agents have concluded that the fire business is more likely to suffer than the casualty and hence they are striving to increase their casualty volume.

One of the insurance commissioners, following a recent rate cut, is reported to have said, perhaps jocularly:

"There will be another rate cut next year, another one the year after that, and then another one and when we get through, you will all be better off because the insurance will cost only half as much and you can sell five times as much of it."

However, even assuming that in the final analysis the business could flourish under a system of skimpy premium rates and lower commission percentages, the individual agents would be blitzed during the adjustment period and many agents are looking into the possibility of getting into bomb shelters.

From a practical standpoint the local agents are less concerned with the legal

Priorities Charge Rule Being Relaxed

Out on Dwellings in Most Territories, on All Low-Rated Risks in Some

The rule for increased rates to cover prolongation of use and occupancy, rent and other "time element" losses due to government restrictions on rebuilding, which was put in force early in 1943, is gradually being relaxed, particularly on dwelling risks. The rule, which became practically universal, called for a 100% increase in rate, in which case an endorsement, usually called the priorities assumption clause, specifically assuming liability for such prolonged losses, was added. If insurance was written at standard rates, this increased hazard was excluded by addition of the priorities exclusion clause.

With the general adoption of the new dwelling and contents form, which provides rental value coverage up to 10% of the amount of dwelling insurance without additional charge, the rule is being dropped for properties in the dwelling class. It was felt that it was impossible to load dwelling rates for this small amount of liability. Once out of the coverage included with dwelling forms, there was no consistent reason why it should be retained with separate rental value insurance or additional living expense on dwellings.

Spreading to Most States

This relaxation of the rule was put in force in southeastern states when the new dwelling form was adopted recently and it is being applied in the middle west as each new state adopts the new form. The Pacific Board adopted a similar rule recently and this has just been put in force in Washington and Oregon, coincident with the new dwelling form.

The Pacific Coast rule also eliminates all additional priorities charges on all "time element" contracts where the annual fire property damage rate, with allowance for 100% coinsurance, is 10 cents or less. Because of separate treatment for risks in this class in the east and southeast, the rule, for practical purposes, never went into effect on these low-rated risks in these territories. It is, however, still in force in the middle west on all risks, except risks in the dwelling class in states where the new dwelling form is in effect.

Time Element Contracts

In most rule books, the rule applies to all time element contracts and specifically mentions use and occupancy, rent, rental value, extra expense, additional living expense and leasehold interest insurance.

Charles A. McMillan, assistant manager of the Pacific department of American of Newark, celebrated his 25th anniversary in the coast department at San Francisco. He was guest at a luncheon given by the office force. Manager A. H. Talmage on behalf of the company presented him a 25-year service button and the office force presented him a wallet. Many letters of congratulation from field men and other friends were presented to him at the luncheon.

and legislative problems involved in the commerce case decisions than they are in the possibility that the local agency business may be put on the altar as a sacrifice either by those who are striving to save the day for state supervision or those who may be campaigning for a federal system. Presently there seems to be more of a threat to the local agent in the maneuvers of some of those who are intent upon proving the case for state regulation.

"Net Retention" Decision Affirmed

Union Mutual Winner Over Northwestern in Tacoma Bridge Reinsurance Issue

Under the net retention clause of a reinsurance treaty excess of loss cover is to be taken into consideration as well as surplus line cession, according to the U. S. ninth circuit court of appeals which affirmed the decision of the federal district court. This is a victory for Union Mutual Fire over Northwestern Mutual Fire in an issue that arose in the Tacoma Narrows Bridge collapse in November, 1940. The case attracts considerable attention because of the importance of the question involved, because it springs from a loss that is an insurance legend and because very rarely are differences litigated between the parties in reinsurance treaties.

Union Mutual was the reinsurer under a treaty with Northwestern consummated in January, 1940. The net retention clause provided that cessions "shall in no case and at no time exceed the amount retained net without reinsurance by the reinsured company at its own risk and liability on the same property."

Northwestern's Line \$350,000

Northwestern wrote \$350,000 on the Tacoma Bridge and specifically reinsured \$300,000 of that amount with various insurers including Union.

On June 10, 1940, Northwestern wired Union, in confirmation of a letter written 10 days earlier, stating among other things: "Further information just received indicates P. M. L. (probable maximum loss) about 50%. We will retain \$50,000. Please wire your authorization." Next day Union wired authorizing the cession of \$50,000 of reinsurance under the treaty, and simultaneously confirmed its wire by letter. About the same time Northwestern transmitted its daily report stating that, pursuant to the treaty, it had placed reinsurance with Union on the bridge, in the sum of \$50,000. The report stated that Northwestern was retaining "identical \$50,000 . . . in accordance with your authorization."

Of the whole amount of insurance carried approximately 77% was paid by the insurers in full settlement of the loss. Northwestern advised Union that the net loss sustained by the former, after deducting all reinsurance, was \$38,416.54 "prior to excess." In response to Union's inquiry as to the meaning of the phrase "prior to excess," Northwestern explained that it had in effect a "catastrophe excess reinsurance contract" with Lloyds whereby it was reinsured to the extent of 90% of all loss in excess of \$30,000 in any one catastrophe. No consideration, it said, had been given to this catastrophe excess reinsurance in figuring net retention because of the indicated probable maximum loss of 50%. Union thereupon took the position that Northwestern had really retained net only \$32,000 (that is to say, \$30,000 plus 10% of \$20,000) and that in consequence Union's liability under the treaty was subject to a corresponding adjustment.

Conflict of Experts

Upon the trial Northwestern was permitted, over objection, to introduce parol evidence to the effect that in the reinsurance field the phrase "amount retained net without reinsurance" means the amount of liability on a given risk remaining with the primary company after the deduction of all "specific" reinsurance from the gross line relating to that particular risk; in other words, that general catastrophe excess insurance is not considered in arriving at the net

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Factory Mutuals Outline Views on Federal Issue

Put Emphasis on Removal of Many State Requirements and Taxes

Correction of angularities in state supervision is advocated in the brief that was filed with the Graves committee of the commissioners on federal legislation by the legal committee of the Associated Factory Mutual Fire Insurance Companies. Copies of the brief were released at St. Louis this week by Felix Hebert, counsel for the factory mutuals.

The impression created is that unless the state system is overhauled in conformity with the principles outlined in the brief, the factory mutuals are disposed to give a nod to a federal regulatory setup.

Too Many Laws

"In our view," the brief asserts, "the states in many instances, have gone far beyond what was required to protect their citizens and have enacted laws which not only have the opposite effect but which, in practice, are actually detrimental to the interests of policyholders and bring about unfair discrimination as between different types of companies and different types of risks. Among these legal requirements are:

"1. Laws which require that policies of fire insurance shall be countersigned by resident agents who shall be paid the 'usual' commissions for that service.

PROTECTION FEATURE

"In what way, may we ask, does this requirement afford any added protection to the holder of such a policy? Is a contract signed and executed by the officials of a company any the less its obligation because it does not bear the signature of its agent in some particular locality? Does the fact that the agent affixes his name give added weight to the contract? If it does, then all contracts of life insurance and other types of coverage should likewise be countersigned by resident agents. There is no such requirement in effect now.

"Even if countersignature should be deemed advantageous where companies transact their business through agents, is there any valid reason why companies which do not employ agents in the conduct of their business should be required to designate one or more resident agents and that their policies, written at their home offices, should be countersigned by them and a commission paid for this non-essential service? It requires no undue stretch of the imagination to determine whether such a practice benefits the policyholder.

Hit Municipal Taxes

"2. Laws which impose taxes for the benefit of property owners whether they insure or do not insure their property.

"Is there any reason why one so prudent as to insure his property against loss should contribute to the support of an agency designed to protect all property against loss by fire, whether insured or not? Such is the effect of all sorts of municipal taxes and fees.

"3. Laws and insurance department practices which require needless information which has no relation to the financial condition of a company.

"While there is merit in the requirement that insurance companies shall report their financial condition in accord-

ance with uniform requirements, what excuse is there for the limitless demands for information of which no use is ever made but which require research and the time of employees, all at the expense of the policy holders."

Claim Factory Mutuals in Clear

The brief contends that the methods of operation and the practices of the factory mutuals do not contravene any of the provisions of the Sherman law or any other law on the statute books.

Companies indulging in conspiracies, coercion, intimidation and boycotts must cease and desist or assume the consequences of their acts, the brief asserts. "Either they bring themselves in conformity with law or assume the consequences of their illegal acts. That coercion, intimidation and conspiracies and boycotts are forbidden by law needs no argument and we do not assume to suggest any remedial legislation for this state of affairs, much less do we countenance their continued practice.

"We believe that in the transaction of the business of fire insurance it is absolutely essential that there be uniform rates of premiums for the coverage provided by companies. We distinguish between uniform rates and non-competitive rates however.

Contention of Government

"The contention of the government is that rates of fire insurance should be based upon the actual experience of the individual companies. This argument gives little thought or consideration to some of the problems inherent in the fire insurance business as was pointed out by the respondents in their brief filed in the S.E.U.A. case. Purely competitive rates in all probability would lead to a demoralization of the business of fire insurance. In fact, that was the experience of fire insurance companies prior to the enactment of existing rating laws in the several states. Companies were subjected to cut-throat competition with the result that in many instances the policyholders were the losers because of the inability of certain companies to carry on their business and meet their obligations for failure to collect adequate premium charges.

REINSURANCE

"Another argument in favor of uniform rates for a given risk presents itself when we give thought to the subject of reinsurance of risks. Rarely, except in case of very small properties, does a company feel justified in retaining the entire liability on a given risk. In fact, it may be precluded from doing so because of legal limitations. For example, no stock fire insurance company under existing law in most of the states may assume a risk in excess of 10% of its capital and surplus. The owner of such a risk might well desire to have one single policy issued by a company of its choice. Under existing practice, that can be done but immediately the risk is assumed, the amount in excess of the portion over what the company assuming the risk wishes to retain is reinsured in other companies. Unless there is some form of agreement for uniform rates, then there can be no automatic reinsurance as is the case now.

Uniform Practice

"In other words, if such a company were to promulgate and use its own rates, it might well eventuate that a prospective reinsurer might not be willing to assume any part of the risk at the rate at which it is written and would insist upon its own rate promulgated by itself in its contract of reinsurance. Thus, the exigencies of the business require that there be some uniform practice to which all participating companies will adhere. Otherwise, there will be such a disruption of the business of fire insurance as not only to cause hardship to property owners, but operate to their disadvantage as well.

"In our advocacy of the maintenance of uniform rates we do not limit ourselves to that single factor. Our view is that states should provide for uniform rates and that they may not be used or put into effect until approved by some state authority. Further, such uniform rates should be based on the elements of: (1) burning rate; (2) cost of operation; (3) the maintenance of proper reserves; and (4) the element of profit. If all of these elements were considered fairly and with due regard for the equitable treatment of the owners of property as well as a fair return on the capital invested in the business, we do not see that the maintenance of uniform rates would be detrimental in any way. If, however, the maintenance of uniform rates were deemed to be in violation of any existing law, federal or state, then those laws should be modified so as to permit their promulgation and approval by state authorities.

"If, on the other hand, it were found after careful investigation that the maintenance of uniform rates cannot be had, either because the laws are so rigid or because fair treatment cannot be accorded to property owners, then the only alternative is for the states to promulgate rates to be charged and, based upon the experience of the individual companies,

to require a return to policyholders of that portion of their premium charges found, after proper investigation, to be beyond that which companies would be justified in retaining for the protection they afford. This second method is essentially in line with the present practices of the factory mutual companies. It has operated successfully in their business and to the entire satisfaction of their policyholders. It has not involved any violation of any statute either state or federal, and while the factory mutuals are operated without purpose of profit, nevertheless, there could not be any objection to including in the case of those companies operated for profit, a fair margin of investment return as a part of the cost of insurance.

State Supervision Encouraged

"We submit that the states should enact legislation to remedy the conditions which we have noted and numerous others of which we and others engaged in the business of insurance are well aware.

UNFAIR COMPETITION

"Failure in this respect can bring about but one result. Congress in the exercise of its powers will act and state supervision as we know it will disappear. In fact, it is this and similar conditions which encourage state supervision that have brought about such an insistent demand from a very considerable group of insurance officials and large segments of the insuring public for federal regulation of insurance.

"While on the subject of federal regulation of insurance, we may be permitted to express the view that, given conditions where state regulation is fair to all concerned, plays no favorites, caters to no special interest and does not go beyond the requirements of the protection of the interests of the state and of its citizens, it might well be permitted to continue in effect. If, on the other hand, any companies are to continue to be subjected to unfair competition and to exactions which do not even remotely benefit the policyholders, then federal supervision might well give life to the hope that it will afford some measure of relief."

Dual System Undesirable

The brief states that a system of dual supervision is not desirable. "Either we should have full state supervision or complete federal supervision. Otherwise, there will exist a constant twilight zone wherein questions will arise whether a given action comes within the prohibitions of federal statutes or are to be regulated by state law. Under those conditions, officials of companies will not know their rights or their obligations and cannot decide definitely how to proceed in a given contingency. Such a state of affairs would be intolerable. We repeat, state regulation maintained within proper limits and designed to protect the interests of the policyholders, whether companies or their representatives or their policyholders, would be preferable. As a state cannot in our opinion lawfully dictate what a company shall do in other states, since to do so it would be exceeding its authority, the only way the states can adequately regulate the business of insurance is by the adoption of uniform laws, particularly as regards rates and policy forms. It has therefore been our feeling that the states must immediately revise their practices by adopting uniform laws if they wish to relieve the pressure which is being exerted for federal regulation. While state regulation as it now exists does not always meet the requirements of fairness and reasonableness, we know that federal regulation of other types of activities have not always met this test. Past experience has shown that with some exceptions under state supervision we may expect a reasonable and intelligent approach to insurance problems as they arise. Whether this would be so under some type of regulation by the federal government is open to conjecture.

TRIAL AND ERROR

"In spite of views to the contrary the development of federal regulation for all insurance under the commerce clause of the Constitution is not as simple a matter as it appears for the reason that it may fail to take into account purely local conditions. This has been found true in regard to other legislation than insurance. We point this out for whereas it does not mean that federal regulation could not be made to work, it would have to be decided with a great deal of care and perhaps through a process of trial and error.

"It is to be noted that in the light of the finding of the Supreme Court that insurance is commerce, then companies engaged in the interstate transaction of the business are subject to some other statutory regulations enacted by Congress besides the Sherman act and the Clayton act.

Federal Trade Commission

"We have in mind, particularly, the federal trade commission act. Section 45 of that law declares unfair methods of competition to be unlawful and defines

proceedings to be taken by the commission. The limit of power of the federal trade commission under this act is to issue cease and desist orders, but upon failure to comply with them, the offenders are subject to a substantial fine.

"Again, section 18 prohibits the acquisition by one corporation of the stock of another where the effect may be substantially to lessen competition and, by an amendment it is provided that no person shall be a director in any two or more corporations of given size engaged in commerce which are competitors so that the elimination of competition by agreement between them would constitute a violation of any of the provisions of any of the anti-trust laws.

"Also, this statute prohibits interlocking directorates.

"Another act which might well affect the business of insurance as interstate commerce is the labor standards act. This law, in effect, fixes minimum wages of employees.

"Another law approved Oct. 15, 1914, makes it unlawful for any person engaged in commerce to discriminate in price between different purchasers of commodities of like grade and quality where the effect of such discrimination may be substantially to lessen competition or tend to create a monopoly in any line of commerce."

The Bailey bill, the brief states, "would not relieve the insurance companies engaged in interstate business from the provisions of any other than the Sherman act or the Clayton act.

Refers to S.E.U.A. Case

"In our opinion, there is much merit in continuing to subject the business of insurance to those provisions of federal law which prohibit such unfair practices as are charged in the pending suit of the government against the Southeastern Underwriters Association. Whether there should be some modification in respect of the prohibition against ownership and control by one insurance company of the stock of other companies which would ordinarily be in competition, and also prohibit interlocking directorates, is a subject which would merit study and mature consideration. There are essential factors to be considered and it may well be that in some instances the control by one company of one or more other companies engaged in similar activities would prove to be beneficial to the insuring public. One instance of the benefits that this practice might bring about is to provide by one company all of the coverage that is desired in some particular case. In the absence of such an arrangement, the owner of property might be required to seek protection from a very considerable number of insurers, and if we are to be concerned primarily with the interests of the insuring public, then consideration should be given to all of those factors in the determination of whether any of these laws should be modified so far as insurance is concerned.

USE OF MAILS

"Attempts have been made over the years to deny the use by insurance companies of the mails for the transaction of their business in states where they are not licensed. The primary object sought to be accomplished was to destroy the so-called fly by night organizations which prey upon the public, relieve them of their money and give them nothing in return. But it was found at numerous hearings before committees of Congress that many reputable insurance companies were providing protection in states where they were not licensed and that to deprive them of the use of the mails in such circumstances would result in grave injustice.

Entrance Requirements Onerous

"It was disclosed at these hearings that either by express statutory enactments or by interpretation of the laws by supervising officials in some states certain types of insurance companies, though most deserving of confidence and with long records of splendid business conduct, could not be licensed under any circumstances. Again, in some states, entrance requirements were so onerous as to some companies that they could not comply and transact their business except at disproportionate expense and subject themselves to the most harassing and burdensome regulations.

"Excise Congress conclude that it shall exercise supervision of the business of insurance in all its phases, that is, so far as interstate business is concerned, then the evils which these proposals were intended to remedy would be dissipated, since companies engaged in interstate commerce could not, as we understand the law at the present time, be denied the right to transact business wherever they wish any more than the states may now prevent commercial organizations from transacting nationwide their business in the several states subject, of course, to certain internal regulations.

"If, on the other hand, state supervision is to continue, then some consideration should be given to bring about a uniformity of requirements among the several states which will not discriminate against certain classes of insurance companies.

"In that connection we have in mind the legal requirements for admission in

Convention Dates

Sept. 7, Alabama agents, Montgomery, Jefferson Davis hotel.

Sept. 7-9, International Association of Insurance Counsel, Chicago, Edgewater Beach Hotel.

Sept. 9, Nevada agents, Reno, State Building.

Sept. 8, Michigan agents, Detroit, Book-Cadillac Hotel.

Sept. 11, Insurance section National Tax Association, St. Louis, Jefferson Hotel.

Sept. 11-12, Montana agents, Helena, Placer Hotel.

Sept. 11-13, International Claim Association, Chicago, Edgewater Beach Hotel.

Sept. 11-13, Insurance Section, American Bar Association, Chicago, Medinah Club.

Sept. 13, Pennsylvania agents, Harrisburg, Penn-Harris Hotel.

Sept. 15, Delaware agents, Dover, Pleasant Inn.

Sept. 25, West Virginia, Huntington.

Sept. 29, New Jersey agents, Trenton, Stacey-Trent Hotel.

Oct. 8-12, National Association of Insurance Agents, Milwaukee, Hotel Schroeder.

one of the states. They are such that if met by the group of insurance companies in whose behalf this memorandum is submitted, they would be subjected in competition to a premium tax equal to as much as 10 times what is now required to be paid by their competitors for providing absolutely the same degree of fire insurance protection. We need not say that in the light of such discrimination, if continued, those favoring federal supervision would have a very strong argument on their side.

Federal Licenses

"In the event such uniformity cannot be brought about, then the solution of the problem would appear to be found in a provision for federal licenses. Of course, federal licenses would imply at least some degree of federal supervision and this, manifestly would detract from the powers of the several states and leave undetermined the boundaries of the field of action where each shall exercise dominion.

STANDARD POLICIES

"At the present time, each state fixes the form of contract which fire insurance companies are permitted to issue. These are known as the standard policy laws. While a majority of the states provide for a uniform standard, yet by law and by department interpretation, companies are required to meet many varying conditions all of which adds to the expense of transacting business and affords no added protection to their policyholders. Here again, there should be a uniform standard fire policy to be used in all states, and unless states can agree upon such uniformity, then there is apparently no other course than to seek relief in federal legislation of some type.

Phraseology of Endorsements

"We believe that special state provisions which deny to a policyholder the broadest possible coverage obtainable should be repealed. We have in mind certain states which prescribe the exact phraseology for the endorsements to be used on the statutory standard policy form which have that effect. We believe this is an unnecessary form of restriction and it operates against the best interests of the policyholders.

"In the supervision of rates which are and may be promulgated and approved by the states, consideration should be given to the problem of multiple location risks, and the allocation of premiums to the several states for tax purposes on some reasonable basis.

"Consideration should be given to a change in the requirements in some states whereby a licensed company is not permitted to cede reinsurance to an unauthorized company even though the ceding company maintain full reserves and pays taxes on the entire premium. The effect of this is to limit the reinsurance capacity available. This has become particularly burdensome on the larger risks.

"May we say, in conclusion, that, in our opinion, yours is the only real constructive approach that has been made to the problem of the fair and equitable supervision of the business of insurance. The subject is of such transcendent importance to millions of citizens of the country as to merit the best thought of the best minds whether engaged in the business of insurance or in its supervision or elsewhere.

"In the preparation of this memorandum, we have endeavored to point out some of the inconsistencies of state supervision and of the laws under which it operates. We are convinced that a modification of these and other non-essential requirements, will remedy the situation, in part at least, and will point the way for the ultimate good of the insurance business."

D. C. Rating Bureau Constitution Now Up to Jordan

He Is Expected to Approve Constitution; Agents Ask for Voice

WASHINGTON—After a three hour hearing before Superintendent Jordan it was announced he would delay action on the D. C. rating bureau constitution until Sept. 6 in order to give time for the District Insurers Association to obtain a legal opinion on the question whether the superintendent has authority under the new District fire act to require the companies to provide for agents' representation on the rating bureau's executive committee.

Other speakers in support of agent representation included Samuel Sugar of the Insurers committee; Albert Phillips, president Washington Insurance Club; Ralph Lee and Ralph Barker, of that organization.

Oscar West, National Association of Insurance Agents, said his organization has taken no position on the question of agent representation, but he expressed the personal opinion that the matter is of interest because it has "broad possibilities," as the new bureau is the first being set up since the Supreme Court decision and it may become a model for the rest of the country.

WASHINGTON—The constitution of the new District of Columbia Fire Rating Bureau was approved at a meeting of the bureau's governing committee here. It has been filed with Superintendent Jordan, and he has it under consideration. The bureau must be in operation by Oct. 1.

Walter Bastian, counsel for the committee, stated there will be no by-laws for the bureau, "at present."

The governing committee meeting was attended by members of a committee headed by Col. L. C. Crawford, representing the Insurers Association of the District of Columbia. They wanted to know what the governing committee proposed, because of the interest of agents in commissions and other matters. Copies of the constitution were supplied the Crawford committee, Mr. Bastian stated. It provides for an executive committee on which salaried officers and employees of companies would be eligible to serve.

The agents took the position that they should be eligible to service on the executive committee. However, that point was not conceded, it is understood.

Early action by Jordan on the constitution was expected by members of the governing committee.

Meanwhile, the governing committee met again Monday and reportedly gave consideration to forms, rules, etc., for use under the rating bureau. This was on the assumption that the constitution would be approved. On account of the limited time available, the committee is going ahead with details as rapidly as possible in order to get as much ground work under way or completed in anticipation of a "go ahead" signal from Jordan. Otherwise, members indicated, they might not be able to finish their job on time.

The fight over agents' representation in the management of the new District of Columbia Fire Rating Bureau got into the open when agents and Insurers represented by Lawrence C. Crawford and others protested to Superintendent Jordan at a hearing Tuesday afternoon against the provision of the bureau's proposed constitution that would limit executive committee membership to officers and salaried employees of com-

North America Devises Formula for Cancelling and Rewriting Policies

A new formula for short rate cancellation and rewriting in states where fire insurance rates have been reduced is announced by North America in an article in its agency publication, "The North America Fieldman." It is based upon an entirely new axiom devised by the fire underwriting department.

Many states are making mandatory reductions in rates, the story points out. When this happens, the question always arises what policies the agent should cancel and rewrite to take advantage of the lower rates, and what policies should remain undisturbed. Often it is necessary to search through hundreds of daily reports, figuring the return premiums in every case, to arrive at an approximate answer. Then comes the difficult task of explaining to the insured how he will save money by paying the difference between the return premium on the old policy and the lower-rated premium on a new policy.

Solves Major Problem

It is a major headache for agents, and an analyst in the fire underwriting department of North America was assigned the job of devising a short cut to assist agents. The result is a formula which quickly answers the agent's and insured's question. It is based on the axiom that "it is profitable to cancel and rewrite whenever the average daily return premium is greater than the average daily cost of the replacement policy. In figuring return premium, use the last day of any selected penalty period, to obtain the greatest advantage, because the average daily return premium is higher.

Charts are being prepared by North America and will be sent to agents in most states which have announced rate reductions. Copies of those charts are available upon request. They list the percentage of rate reduction and show the longest term in days and the earliest

inception date of policies on which short rate cancellation and rewriting are advantageous. These charts show 1-, 3- and 5-year terms.

In a suggested presentation of the short rate cancellation axiom to the insured, use of the formula which follows is advised:

A. Amount of return premium ÷ Unexpired term in days = Average daily return premium.

B. Total cost of new policy ÷ Full term in days = Average daily cost of new policy.

If the average daily cost is lower than the average daily return premium, cancellation would be advisable, it is advised. The difference would be the daily saving. The total saving would be the daily saving multiplied by the unexpired term.

Example Is Given

For example, if a 3-year policy that carried a premium of \$250 at the old rate was cancelled at the end of 90 days, in order to take advantage of a 30% reduction, the return premium would be \$210 for the unexpired term of 1005 days. The replacement policy would cost \$175 for 1095 days. Applying the formula, it is found:

Old policy: \$210 ÷ 1005 days = daily return premium of 20.89 cents; new policy: \$175 ÷ 1095 days = daily cost of 15.98 cents; daily saving, 4.91 cents.

Total savings equals 4.91 cents × 1005 days, or \$49.35 by reason of short rate cancellation.

When presented in this way, insured knows the actual cash saving that is obtainable, without having to follow the agent's struggle through involved explanations of "days of free insurance," "extended term," etc. With the actual saving before him, he can determine quickly the advisability of cancelling, by comparing the saving with the internal costs and budgets to which he must adhere, the story concludes.

Accountants Arrange Card for Annual Parley Oct. 5-6

The Insurance Accountants Association will hold its annual fall conference at the Hotel New Yorker, New York, Oct. 5-6. Among the topics to be discussed are short cuts in loss accounting, account checking by machine, new ideas in the use of tabulating equipment, annual statement preparation, office procedures and manuals, the development and use of statistics, daily report procedures, reinsurance operations, marine accounting problems, pooling operations within company groups, policy allotment records, installment accounting, cancellation notice procedures, field men's records, syndicate accounting, use of key-sort and/or abstract systems vs. tabulating machines, income tax and phonetic coding for alphabetical tabulating equipment.

The association will hold its monthly luncheon meeting Sept. 14. Payroll systems and salary stabilization will be discussed.

Ky. and Louisville F. & M. to Merge

Kentucky Fire & Marine at Louisville, which was recently organized by interests operating Louisville Fire & Marine, will merge with the latter under its name. E. S. Tachau is chairman; Charles Tachau, a son, is president and another son, Lewis Tachau, is secretary.

Legal notices stated that the consolidation was by order of their respective boards, in action taken on Aug. 22. This merely means that subscribed capital stock of Kentucky Fire & Marine will become additional capital of Louisville F. & M.

American Aviation & General has entered Virginia.

Utah Agents Hold Successful Annual Parley

Record Attendance at Salt Lake City Meeting; Blackburn Elected President

NEW OFFICERS ELECTED

President—William J. Blackburn, Ogden.

Vice-president—J. A. Ottenheimer, Salt Lake City.

Secretary-treasurer—Arnold E. Burgen, Salt Lake City.

State national director—Mr. Burgen.

Executive committee—Ralph D. Callister, Salt Lake City; Carlyle C. Eubank, Ogden; Francis B. Goeltz, Salt Lake City; N. C. Hicks, Provo; Karl I. Pace, Salt Lake City; T. A. Turner, Ogden.

SALT LAKE CITY—The 25th anniversary of the Utah Association of Insurance Agents



R. D. Callister

this week was attended by more than 150 members, and the out of town guests brought the number to 200.

Guest speaker was Mayor Glade, introduced by Carlyle C. Eubank, master of ceremonies.

Francis B. Goeltz, president of the Salt Lake Agents Association, on behalf of the National Board, presented the mayor with a framed plaque for the city's splendid work in fire prevention during 1943.

Pearce on Public Relations

W. Stanley Pearce, secretary of Fireman's Fund, said that it is indeed extraordinary that an industry which reaches into every home, every business establishment and every activity of life and whose policies are accepted without question as promises to pay by most every adult in the land should have so few friends, so few defenders. Insurance people are apt to talk a language all their own, not realizing it doesn't make sense and that it may only confirm the outsider's impression that there is something mysterious about insurance, he said. Producers who tell a prospect that his influence with the companies, because of the big business he gives them, insures his client's getting a "square deal if anything comes up" leaves a very definite impression that there is something crooked about a business in which a policyholders rights under the terms of a written contract must be buttressed by "influence."

Washburn Discusses A. & H. Sales

Critics of the business know that the companies have been secretive, that the industry has been too long silent, that it has been shortsighted in failing to spend money to explain industry practices, hopes and ideals in understandable language, he said. "We have ourselves created the opportunity for them to capitalize on the fact that mystery and suspicion are twins." It is up to the agent and adjuster in their every day contracts with the public to correct the bad impression, he said.

Fire and casualty agents are definitely missing the boat if they are not selling accident insurance, Cyrus C. Washburn, resident vice-president and Pacific Coast manager of Preferred Acc-

(CONTINUED ON PAGE 17)



MY BOSS SAID...



**"Write our
INLAND MARINE
policies, too, in
PACIFIC NATIONAL"
...AND I KNOW WHY!**

Our agency is progressive. We want to give our clients the balanced protection that Pacific National provides. That company is always out ahead, anticipating tomorrow's trends today. They've helped us get many new accounts, and their service to agents is tops! ★For example, Pacific National not only writes a *modern*, complete Personal Property Floater but also furnishes a printed salesman that's a knockout! It's a colorful, dramatic folder with application form attached—called, "Enjoy Peace of Mind." My Boss gets plenty of new business with it. You ought to send for a copy.

ABOUT THAT FOLDER: If the Personal Property Floater is written in your state, why not act on the young lady's suggestion? Request sample copy from our Inland Marine Department.

PACIFIC NATIONAL FIRE INSURANCE COMPANY

HOME OFFICE: SAN FRANCISCO
EASTERN DEPARTMENT: PHILADELPHIA

OFFICES IN PRINCIPAL CITIES
COAST TO COAST

AS SEEN FROM CHICAGO

KNOWLES & CO. IN CHICAGO

A. B. Knowles & Co. of San Francisco, who have purchased the insurance firm of Hinton & Stoll in the Insurance Exchange building, Chicago, which since 1941 has represented the Knowles office as western department managers in connection with fire and marine operations in eight states has elected F. K. Hinton of Hinton & Stoll as vice-president and manager of the Chicago office. He has been in insurance for nearly 24 years. He started in the marine department of North America, occupying various positions in the midwest states. He became a state agent and in 1931 joined Northwestern National as its marine manager. In 1941 he entered business for himself representing a number of companies in the western field.

Mr. Stoll has not announced his plans as yet for the future. Knowles & Co. will retain the same office location at A-1310 Insurance Exchange in Chicago and the office personnel will be continued. Hereafter it will be operated as a branch office providing for marine service and loss adjustment facilities for brokers and agents in the middle west.

A. B. Knowles, president of the firm, has been in the fire and marine field since 1916. He became a partner of H. R. Mann & Co. of San Francisco, who were marine general agents for St. Paul F. & M. In 1926 he became coast manager for St. Paul. In 1936 he established his own business and his firm is United States marine general agent for Utah Home Fire.

Associated with him is C. H. Preston, vice-president and manager of the Seattle office. Mr. Preston has been in Chicago arranging for the new setup. He started his career with St. Paul in 1926, later becoming a state agent. Subsequently he became coast marine and Lloyds manager for Cravens, Dargan & Co., Houston general agents. On his return to Seattle Mr. Preston visited Salt Lake and San Francisco, conferring with his associates in both cities.

GEORGE HAAS VISITS CHICAGO

George E. Haas of San Diego, Cal., associated with the C. R. Black Corporation, is visiting friends in the Chicago district. He was formerly in charge of the casualty division of the Illinois insurance department and at one time was western manager of the Atlas. W. M. Murray, formerly of Fred S. James & Co., and also associated with the Illinois department, is connected with the Black corporation.

INSURANCE MEN ACTIVE

The insurance division of the Business Men's Committee of Chicago and the Illinois insurance committee are joining hands in the fight for safeguarding insurance and keeping its supervision and control in the hands of the states rather than the federal government. The insurance committee of the Business Men's Committee has been very active in promoting interest in the congressional election. Insurance men are being enrolled to see that people who can vote are registered and then a systematic campaign will be carried out for the benefit of the Republican party which is the only one that had an insurance plank in its platform.

Attention is called to the fact that all government bureaus require money. A new federal insurance bureau would be one of the largest and most expensive. Republican candidates for Congress will be sponsored throughout the state. Attention is called to what might seem to be a systematic attempt to undermine insurance in different ways. Therefore those whose incomes and future depend on the insurance business are appealed to to get busy and protect themselves and their livelihood. The insurance division of the Business Men's Committee has established quarters at 53 West Jackson boulevard, Chicago.

The preliminary committee consists of

Fred C. Bracken, broker; Walter J. Floreen, Rollins, Burdick, Hunter Company; Wade Fetzner, Jr., president W. A. Alexander & Co.; Frank J. Durham, W. W. Durham & Co.; A. O. Andersen, Fireman's Fund; F. B. Burns, a broker with Alexander & Co. Mr. Fetzner is chairman of the insurance division Business Men's Committee, and Mr. Floreen is co-chairman.

AGENCY DOUBLES OFFICE SPACE

The Baur, Christensen & Valentine class 1 agency of Chicago has moved into quarters in A-1825 which are more than double the old space. The agency was formed about three years ago. A number of new employees have been put on due to the office increase. The agency also has accomplished a considerable agency development throughout Illinois.

The members of the firm are Howard C. Baur, Stanton C. Christensen and Andrew L. Valentine. Mr. Baur has been in insurance work there for 19 years; Mr. Christensen has had over 10 years' insurance experience, and Mr. Valentine has been in insurance business there for about 10 years, starting with U. S. F. & G. in 1934 and later being a special agent of Fireman's Fund for some time before joining Baur and Christensen.

SUGGESTS V-DAY PLAN

Directors of the Chicago Board have recommended to members that all offices adopt a uniform practice relative to closing on V-Day. If the official announcement on cessation of hostilities in Europe comes at night, the board suggests that each office notify employees in advance that they need not report the following day. If the announcement comes during the day, it is recommended that offices close immediately. A uniform plan, the board believes, will hold disturbance to a minimum.

SCHILLING HEADS WAR FUND UNIT

W. O. Schilling, manager U. S. F. & G., has been appointed chairman of the insurance group for the 1944 campaign of the Community & War Fund of Metropolitan Chicago. The insurance group is in the fund's financial section headed by Joseph L. Overlock, vice-president Continental Illinois National Bank & Trust Co. The campaign will begin Oct. 2 with a goal of \$12,980,000. The Community & War Fund represents the National War Fund throughout Cook, Lake and Du Page counties, raising money for the USO, USO-Camp Shows, War Prisoners Aid, United Seamen's Service, American Field Service and the allied relief agencies such as United China Relief and British War Relief.

FRANK ERION'S VALUABLE GIFT

The Chicago Insurance Library in the Insurance Exchange has received from Frank L. Erion, well known independent adjuster in that city, a complete set of the "Insurance Law Journal" consisting of 91 volumes and index. In addition Mr. Erion gave the Library the very rare five volume set of "Bennett's Fire Insurance Cases" which is a collection of all reported cases on fire insurance in England, Ireland, Scotland and the United States from 1729 to 1875. This is the most valuable gift the library has received for some time.

CLAIMS MANAGER

This man has had 24 years claim experience. Has managed claims department specializing in fire and inland marine. He is very anxious to locate in Chicago area.

FERGASON PERSONNEL

Insurance Personnel Exclusively
166 W. Jackson Blvd., Chicago 4, Ill. HAR. 9040

Chicago Fire Premiums for Year Ended June 30

Below is presented a tabulation of Chicago fire premiums for the year ended June 30, as reported to the city controller's office:

Stock Companies

	1944	1943	1942
Aetna	\$ 402,583	\$390,863	\$363,005
Alliance	75,238	90,925	63,406
Amer. Alliance	60,893	63,173	56,656
Atlas Assur.	97,605	94,537	79,348
Amer. Central	92,049	92,614	79,249
Amer. Eagle	86,130	106,928	78,119
Amer. Equit.	148,287	120,060	117,724
Amer. Home	23,249	22,931	18,493
American, N. J.	204,465	201,701	170,564
Amer. Tex.	10,474	4,193	2,237
Anchor	17,559	10,516	12,642
Boston	39,596	45,604	46,508
British Gen.	1,648	2,028	2,384
Buffalo	42,383	4,298	45,204
Caledonian	48,598	44,966	44,532
California	34,824	36,329	31,423
Calvert	6,294	7,360	11,755
Central, Md.	23,623	31,122	26,048
Central States	47,310	42,039	15,332
Central Surety	582	569	266
Citizens	52,134	54,125	51,814
Columbia, N. Y.	48,741	32,951	33,536
Columbia, O.	85,985	87,081	101,634
Commerce	27,538	25,787	24,515
Comm. Un. Eng.	145,038	142,860	124,979
Com. Un. N. Y.	16,734	22,493	23,893
Concordia	72,776	59,544	63,822
Connecticut	170,932	199,333	204,345
Continental	326,207	407,751	388,323
County, Pa.	3,345	7,615	8,036
Detroit F. & M.	40,397	43,378	45,905
Dixie	59,298	44,156	25,016
Dubuque F. & M.	127,469	133,510	150,561
Eagle Star	86,741	85,248	66,741
Emmco	13,215	7,118	11,097
Empire State	50,829	35,501	32,750
Equit. F. & M.	116,306	132,449	113,843
Eurek-Sec.	56,973	48,848	48,781
Fidel. Phenix	241,379	262,104	179,686
Firemen's	245,119	187,711	132,826
Fireman's Fund	214,546	250,485	187,488
First Amer.	89,974	75,007	69,078
First Nat.	63,736	71,541	64,150
Fulton	53,058	43,802	15,575
General Seattle	125,775	107,582	83,552
Girard F. & M.	160,268	160,725	161,264
Glens Falls	184,137	185,340	178,617
Globe & Rep.	83,159	80,132	73,658
Globe & Rut.	62,738	43,234	52,174
Granite State	37,044	36,838	31,629
Great Amer.	196,340	193,116	189,261
Hartford	414,523	403,151	429,965
Home F. & M.	94,140	83,036	75,057
Imper. Assur.	140,512	112,539	137,397
Interstate, N. J.	338
Kan. Cy. F. & M.	2,228	1,396	1,485
Knickerbocker	73,046	67,911	63,428
Land. & Prov.	17,745	18,004	21,039
Land. & Scot.	14,566	13,956	14,695
London Assur.	153,034	142,261	113,119
Manhat. F. & M.	59,064	47,798	48,227
Mfrs., Pa.	3,772	8,628
Maryland	45,109	42,280	25,532
Mass. F. & M.	61,083	39,186	21,061
Merch. & Mfrs.	13,139	18,330	23,224
Mercury	130,980	109,729	102,717
Mich. F. & M.	76,756	68,638	65,248
Milw. Mech.	217,026	202,335	161,563
Mpls. F. & M.	104,633	105,934	67,050
Monarch	54,273	30,894	45,189
Motors	4,402	7,288	11,289
Nat. Ben.-Fr.	31,163	39,208	48,959
Nat. Security	21,526	28,313	29,109
New England	29,916	38,601	12,348
New Hampshire	39,025	44,714	43,065
New York	87,148	74,532	72,840
Niagara	207,379	178,141	171,074
North America	331,757	563,157	325,537
Northern, N. Y.	127,424	98,267	88,516
Northw. Nat.	396,911	357,664	347,935
Ohio Cas.	1,655	1,877	2,496
Old Colony	20,558	19,463	19,173
Pacific Nat.	80,263	97,618	105,546
Palatine	2,416	758	2,035
Pearl	170,486	169,258	163,521
Phila. F. & M.	74,548	85,994	92,304
Phoenix Assur.	110,987	118,160	107,050
Phoenix, Conn.	144,386	155,605	132,906
Piedmont	47,957	21,919	5,948
Provident	37,141	33,260	28,813
Prov. Wash.	154,056	126,703	120,349
Quaker City	15,590	14,275	17,077
Republic, Tex.	75,024	57,320	37,816
Roch. Amer.	20,235	8,485	10,123
Royal Exch.	125,638	102,491	92,204
St. Paul F. & M.	192,141	192,678	165,583
St. Louis F. & M.	9,403	23,783	23,306
Seaboard F. & M.	38,105	32,650	36,754
Sentinel	35,281	38,923	32,558
Springfield	270,170	286,020	271,129
Standard, N. J.	37,337	33,192	43,169
Standard, N. Y.	330,022	306,871	296,260
State of Pa.	45,157	35,005	38,705
Switz. Gen.	1,124	1,335	1,210
Un. Mar. & Gen.	28,921	21,812	25,649
Union Assur.	5,484	10,943	12,683
Union, Canton	14,536	10,836	11,813
Unit'd Firemen's	136,418	149,298	137,354
Wash. F. & M.	785
Western Nat.	53,247	32,971	30,100
Wm. Penn.	3,018
World F. & M.	45,612	67,032	41,023
Yorkshire	109,048	98,242	75,197
Zurich	2,438	2,468	1,923

Mutuals

Allied Amer.	\$ 13,210	\$ 10,676	\$ 14,000
Atlantic	51,730	45,438	30,347
Berkshire	2,881	2,289	2,414

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	1944	1943	1942
Central Mfrs....	38,462	54,969	26,360
Employers, Wis.	23,203	15,971	14,067
Federal, Mass...	—51	138	76
Firemen's, R. I.	106,383	67,991	28,365
Grain Dealers...	9,376	17,448	12,514
Hdwre., Minn...	8,278	1,287	300
Imp. Deal., N. D.	522	1,107	495
Ind. Lumb.....	16,399	28,826	24,165
Mich. Millers...	10,610	18,701	16,497
Millers, Tex....	5,760	12,292	8,160
Millers, Pa.....	4,431	8,513	6,080
Mill Owners, Ia.	19,418	18,717	10,812
Mut. Impl. & H.	33,007	1,718
Pawtucket	800	1,207	1,718
Pa. Millers.....	10,682	17,006	13,535
Union, R. I.....	72,427	70,745	59,956
West. Mill., Mo.	11	—63	2,685

T. G. Linnell Heads Blue Goose Order

(CONTINUED FROM PAGE 2)

entertainment as could be expected under the streamlined conditions. A ladies' bridge luncheon at the Brown Palace Hotel; a men's luncheon at the Silver Glade room of the Cosmopolitan Hotel; a buffet luncheon and international good-fellowship banquet, dance and floor



E. W. TRENBATH

show at the Cosmopolitan Hotel on Thursday night.

At the Asheville meeting three years ago a new order of the Most Decrepid; Disreputable and Disrespectful was created, and in lieu of the customary wheel chair and crutch, he was presented with a cane.

Most Loyal Gander Frank Connors of the Colorado pond was much in evi-

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dence and contributed materially to the success of the convention.

Judge Advocate H. O. Wolfe of Milwaukee presented his report on the jurisprudence committee.

Grand Keeper E. J. Beauvias of Montreal gave an interesting report on the war activities.

The California pond won the membership trophy by the close margin of .01 over the New York pond.

Grand Supervisor Thos. G. Linnell of Minneapolis presented a very interesting report on rehabilitation, and the meeting approved of a suitable committee to carry out the ideas expressed.

The ritual committee, Francesco Seeley, chairman of Portland, Ore., presented an elaborate and complete report which would require a reprint of the ritual due to the many changes recommended, but it was decided that no action be taken.

Kulp Conducts Memorial

Walter J. Kulp, Denver, chairman of the memorial committee gave a very impressive ceremony, reading the names of 167 ganders who had taken their last long flight, four of whom had made the supreme sacrifice.

The officers were installed by P. M. L. G. G. Wm. T. Benallack who presented retiring M. L. G. G. Howard A. Reynolds and incoming M. L. G. Thos. G. Linnell with their emblems.

The past most loyal ganders present were Wm. T. Benallack (1912); J. Clark Buchanan (1939); and Col. Joseph R. Knowlan (1941). Ganders were much surprised to have Col. Knowlan present. He went by plane from Corpus Christi, Tex.

J. Ray Hull, Indianapolis, P. M. L. G. of the Indiana pond, and Jas. H. Bunten, Des Moines, P. M. L. G. of the Iowa pond have their "hats in the ring" for office in the grand nest next year.

M. R. McGruder, chairman of the publicity committee, of Birmingham, gave a most interesting report of what had been accomplished.

The international goodfellowship banquet, dance and floor show brought to a close, in spite of war conditions, one of the most successful meetings of the order.

Linnell's History

Thomas G. Linnell was born in Denver and moved to Chicago at an early age. His father, L. M. Linnell, now retired, was examiner with Great American, and it was natural that his son entered the fire insurance business after being discharged from the army in 1918.

In 1918 he joined the Fire Underwriters Inspection Bureau in Minnesota. After three years as an inspector, he became state agent for Atlas and later Twin City Fire in Minnesota. In 1928 he entered the general agency known as Enck & Linnell, with which he has been connected continuously since. The firm is now known as Thomas G. Linnell, general agent.

Mr. Linnell is active in civic affairs in Minneapolis and is president of the Minneapolis Safety Council, chairman of the fire prevention committee of the Minnesota Safety Council, trustee of the Minneapolis Automobile Club and transportation officer of the Minneapolis civilian defense corps.

Net Retention Decision Is Affirmed

(CONTINUED FROM PAGE 3)

retention figure. Union, in turn, produced expert witnesses who testified that the phrase has reference to the maximum amount which the ceding company would be called upon to pay out of its own pocket in the event of a total loss. In this instance, they observed, the maximum could not exceed \$32,000.

The court found that the plain terms of the treaty are in accord with the position taken by the reinsurer. It found, moreover, that under the custom and usage of the business, as shown orally, the phrase, "amount retained net" bears the meaning ascribed to it by Union's experts. Further, that the contract with Lloyds, admittedly having application

to a single risk such as the Tacoma Narrows bridge, constituted excess of loss reinsurance rather than catastrophe coverage.

"Insurance authorities," the appellate court said, "are agreed that a ceding company, which is on the ground, makes the investigation, and is in possession of all the details relating to the risk, is required to exercise the utmost good faith in all its dealings with the reinsurer. Here, the treaty obliged the ceding company to retain a stake in the insurance in an amount not less than that ceded to the reinsurer. The requirement afforded a continuing guaranty of vigilance on the part of the reinsured company. Northwestern knew that its liability on this risk could in no event exceed \$32,000 however complete a catastrophe might overtake the bridge. One may assume that its estimate of probable maximum loss (an estimate which, if correct, would not bring into play its excess of loss insurance carried with Lloyds) reflected over-

optimism on its part, and that there was no active bad faith in its failure to disclose the existence of this reinsurance. But the fact remains that the reinsurance existed and that the actual loss sustained proved to be closer to 100% than to the 50% estimated. Under the express terms of the treaty the liability of the reinsuring company was subject to the adjustment claimed."

Northwestern insists that Union was aware of the existence of the Lloyds cover, but the record does not bear out the claim, the court said. Certainly there is no showing that Union was presently familiar with the details of the excess coverage.

There was nowhere any reference in the decision to the fact that the premium for a Lloyds excess cover is adjusted yearly depending on the loss experience.

Duncan & Mount of New York represented Union and Shank, Belt, Rode & Cook, Seattle, were attorneys for Northwestern.

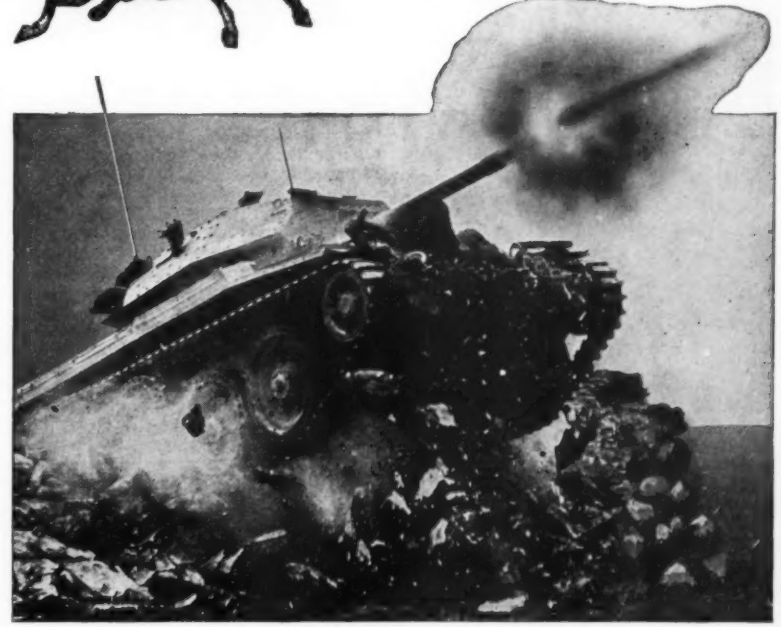


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Crum & Forster Leader Dies

David G. Wakeman, 65, executive vice-president of Crum & Forster, died at his home in Glen Ridge, N. J., after a long illness. His entire business career was in the insurance business, which he entered at 17 with New York Fire. He joined Crum & Forster in 1908 and was a big factor in its growth and success. His main activities were financial, corporate, and administrative work. He was a member of the National Board's finance committee and a director and a member of the executive and investment committees of the Sanborn Map Co. He was a director and member of the finance committee of the Corn Exchange Bank of New York.

Trager Headed for Top Place

Carl F. Trager, president of the Trager Agency of Lansing, Mich., will be the next president of the Michigan Association of Insurance Agents. He has been recommended by the nominating committee of which Clyde Smith of Lansing is chairman. The meeting will be held Sept. 8 at Detroit.



Commissioners Map Meeting Plans for Months Ahead

The midwinter meeting of the National Association of Insurance Commissioners, it was decided by the executive committee at St. Louis this week, shall be scheduled for a day longer than was originally planned. The official dates now become Dec. 4-7 instead of Dec. 4-6. The meeting is to be held at the Hotel Commodore, New York. Also as many commissioners as possible were urged to arrive in New York, Sunday, Dec. 3, inasmuch as a meeting of the executive committee will probably be held that afternoon.

It was decided tentatively that a meeting of the executive committee would be called for the Edgewater Beach Hotel, Chicago, Oct. 4-6, which are the dates that have been tentatively set by the American Life Convention for its annual meeting.

It was disclosed at St. Louis that there will be a meeting of the Zone 4 commissioners of which Viehmann of Indiana is chairman, at Madison, Wis., Sept. 26-27, and it was also reported that Commissioner Fischer of Iowa will call a meeting of the Central Conference of Commissioners for Chicago, Sept. 25.

Newell Johnson of Minnesota, the president, announced that he had completed his committee assignments. He stated that he had appointed no subcommittees, having decided to leave such appointments up to the chairmen of the standing committees. No commissioner has been appointed to more than three committees. Each zone has a representative on each committee and each zone has approximately the same number of chairmen and vice-chairmen. Mr. Johnson stated that his objective was to bring about continuity of effort and hence he made as few changes as possible. Except for the blanks and examinations committees all committees have been reduced to eight members. On the examinations committee there is the chairman of each zone and an additional representative from each zone.

S. C. Fights U. S. on Fire Loss

Attorney-general Daniel of South Carolina has declared that this state is not liable for fire damage done last January to cotton held by Commodity Credit Corporation and stored in a state-operated warehouse. The state's defense in the \$25,929 suit brought by the federal district attorney is that the state agricultural department's agreement with CCC relieved it of liability and that the burned warehouse and the one in which the cotton was previously stored were on the approved list in the agreement. The federal complaint contends that the agreement was voided by transferring the cotton from one warehouse to another without CCC authorization.

Most Crop Claims in N. C. Released; No Hail Damage

Something over 5,000 claims were reported to the companies writing hail insurance in North Carolina on account of the Aug. 1 hurricane that struck the state in the vicinity of Wilmington traveling northward from there into Virginia.

Because of the magnitude of the storm and the great number of claims reported, representatives of all companies interested, together with 45 representative agents from the eastern Carolina territory and about 65 adjusters, met in Raleigh to find out something about the damage caused by the storm and if the companies might be liable under their hail insurance policies.

The consensus of this meeting was that no hail accompanied this hurricane. (The hail policy covers "Hail damage and direct damage caused by wind, when such wind is accompanied by hail damage.") As a result of the information obtained at this meeting it became apparent that the crop insurance loss to the companies interested on account of the Aug. 1 storm would be very light if anything at all.

90% Have Been Released

The adjusters have had an opportunity to see all of the claims reported and approximately 90% of those reported have been released as having no hail damage.

In the course of adjustments the adjusters found in a very few communities slight hail damage and after developing the facts in the case, they learned that this damage occurred because of storms prior to the hurricane, such damage either having been unseen or ignored by the assured in the few territories involved until the hurricane of Aug. 1 occurred.

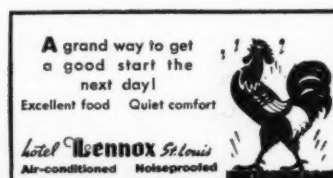
Although the storm covered an area of 32 counties in eastern North Carolina, the actual damage from the wind to the tobacco crops was only nominal because of the fact that the tobacco either straightened itself up or was straightened up by the farmer. Corn and some of the other crops suffered a greater physical damage from the wind than the tobacco did.

John N. Cosgrove Joins Eagle Star in New York

Eagle Star has appointed John N. Cosgrove state agent for New York exclusive of the metropolitan and suburban territory. He will make his headquarters at Syracuse. Mr. Cosgrove was formerly associated with American Reserve for 12 years. He has devoted much time to the study of fire prevention work and has addressed field clubs and various chambers of commerce on the subject.

Keane Returns to Chicago for Rhode Island

J. Edward Keane, who was formerly with the Rhode Island's western department at Chicago and who has recently been at the home office on a special assignment, has returned to Chicago as assistant manager of the western department. He succeeds David I. McGonagle who was recently made manager following the resignation of J. E. Reinhold to become vice-president of William Penn Fire.



Auto Independents' Postwar Expansion Should Aid Agents

Shifting Competitive Situation Opens Way for Bank Financing

NEW YORK—The aggressive role for which the independent automobile manufacturers are preparing may well prove an important aid to agents in lining up bank financing arrangements, for many of the dealers who will be appointed will be approaching the financing problem with an open mind. In fact, the whole postwar reshuffling in the auto dealer field offers the agents a better opportunity than if they had to buck a long-established status quo.

Evidence that the auto manufacturing field is not going to be left quietly to the big three is seen in the shift of Sorenson of the Ford Company to Willys-Overland, and Frazer's leaving the latter company to become the dominant and revitalizing influence in Graham-Paige. If shipbuilder H. J. Kaiser follows through with his idea of building cars he will doubtless cause considerable stir.

Banks seem to be getting over their former fussy attitude toward auto financing. The opportunity to write a greater amount of this business should help liberalize the banks' standards, for the larger profits and lower relative overhead should reconcile dubious bankers to betting on the same types of risks as the finance companies do. Agents can, of course, help by putting the finger on sour credit risks that the bank fails to spot.

Actually, banks are more receptive to automobile business than is generally realized. In the last half of 1941 nearly 40% of all automobile financing—both consumer and dealer—was handled by banks.

From a company standpoint bank financing is highly welcome. It is free from the major headaches that too often characterized the large chunks of business obtained from finance companies. In general, bank-financed business has been profitable and finance-company business has not.

The simplest and most effective way for the agents to deal with the banks appears to be to have an agents committee confer with a committee of bankers to obtain agreement on broad general principles. From there on the individual agency deals with the individual bank. If the agents try to carry inter-agency cooperation to the point of handling the actual business, the less aggressive ones get a free ride and the more active ones, realizing this, may lose interest.

Rhode Island to Increase Capital to \$1,250,000

Rhode Island's stockholders have voted to issue 100,000 shares of new stock at \$2.50 a share par value, to be sold at \$10 a share. This will bring the capital to \$1,250,000 and add \$750,000 to surplus, bringing the net surplus to about \$2,900,000. The stockholders also voted to invest \$500,000 in new stock of the William Penn Fire, in which the Rhode Island owns approximately a half interest. The action was taken with the understanding that other stockholders in William Penn would invest a like amount. The result will be to increase the William Penn's capital from \$500,000 to \$1,000,000 and the surplus to more than \$1 million.

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ASSISTANT SALES
MANAGER 4,000
RESEARCH ANALYST 3,600
ADVERTISING MANAGER—
PRINTING 6,000
3 SALES CORRESPONDENTS 3,000

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NEWS OF FIELD MEN

Back Bunten for Grand Keeper

DES MOINES, IA.—Two committees have been named by the Iowa Blue Goose to promote the candidacy of James H. Bunten, Iowa state agent for Fire Association, as grand keeper at the 1945 Grand Nest meeting.



J. H. Bunten

Elmer Warner was named as chairman of the finance committee which also includes H. G. Zimmerman, L. E. Ellis & Co., and Robert Benbow, London Assurance. Gene Rust was named as chairman of the publicity committee which includes Robert Osier, Norwich Union, and Henry Haynes.

Mr. Bunten was most loyal gander of the Iowa pond during 1940-41 and has attended the last four grand nest meetings. He has been in the Iowa field since 1918 when he traveled for the Continental, except four years spent in South Dakota.

In addition to his Blue Goose activities he has been equally active in the Iowa State Fire Prevention Association and Iowa Fire Underwriters Association, having held all the offices in the two organizations and is now president again of the Iowa State Fire Prevention Association.

Jackson Assigned to Chicago; Daniels Goes to Denver

F. F. Jackson, special agent who has been assisting State Agent H. J. Helmkamp in the mountain field for Continental, Fidelity-Phenix and American Eagle, with Denver headquarters, has been called to the western department in Chicago to assume an important position in the inland marine department. W. C. Daniels will succeed Mr. Jackson as special agent.

Daniels Long Time in Service

Mr. Daniels has been associated with America Fore for 22 years in various positions in the western department. He started with the Leon L. Hill local agency at Reading, Mich., then was with Aetna Fire's western department, doing work in the sprinklered risk department before studying for two years in the Columbia University school of business. He returned to Chicago, joining the sprinklered risk department of America Fore; then was in its inland marine and general cover department, and then became manager of the research and business development department. For several years he has been educational director and in charge of the study club. He has been active in Insurance Institute work at Chicago.

Mr. Jackson started with America Fore's western farm department in Chicago, later was Wisconsin state agent for the farm department, before going to Denver.

Michigan Blue Goose to Resume Meetings Sept. 11

DETROIT—The weekly luncheons of Michigan Blue Goose will be resumed for the fall and winter season at a meeting Sept. 11. Plans are completed for the fall golf tournament and dinner Sept. 12 at Bonnie Brook Country Club near Detroit. F. M. Clements, A. H. Dinning Co., is handling dinner arrangements and H. M. Irwin, branch manager Potomac and General Accident,

the golf tournament. Prizes are being offered in the competition.

Briggs to Inspection Bureau

DALLAS—A. Sidney Briggs, state agent for North British group, has been appointed manager of the Texas Inspection Bureau, Dallas.

Capt. Neil Selvig Returns

Capt. Neil Selvig who has been in service for over a year will soon return to his previous post as Minnesota state agent of Security of New Haven. He is now on leave and at its expiration he will be put on the reserve list. Howard Emmerich, who has been acting state agent for Security, will remain here a few weeks, then go to the home office for a new assignment.

Louisiana Pond Holds Splash

Alvin Shepherd, general agent, was elected most loyal gander of Louisiana Blue Goose, succeeding H. F. Foster, Jr., Automobile, at the annual splash in New Orleans. Other officers are: J. L. DeTreville, St. Paul, supervisor; Maj. E. T. Miazza, custodian; Lake Dupree, Crum & Forster, guardian; A. G. Reese, Royal-Liverpool, keeper; J. E. Simoneaux, Steckler general agency, welder. W. H. McClendon, attorney, and L. A. Roussel, special agent Employers Fire, took their first swim.

N. J. 25 Year Meeting

NEWARK—Special preparations are being made for the October meeting of the New Jersey Special Agents Association in observance of its 25th anniversary. The regular September meeting has been called off to give the anniversary committee sufficient time for preparation.

Producers Liaison Group to Meet in N. Y. Sept. 13

The liaison committee, representing all of the insurance producers' organizations, will meet with a committee of the trustees of the Insurance Executives Association Sept. 13 in New York, Fred A. Moreton, president of the National Association of Insurance Agents, has announced. A preliminary meeting of the producers will be held in the New York office of the National association Sept. 12.

The liaison committee was created several months ago to bring together periodically representatives of companies and producers to exchange views and discuss industry problems. The coming conference will review the present status of the business and discuss plans for the future.

Members of the liaison committee are S. Lewis Johnson, Charleston, S. C., president American Association of Insurance General Agents; C. G. Hale, Cleveland, Ohio Association of Insurance Agents; A. J. Smith, president Association of Local Agents of the City of New York; Warren Ellis, New York, secretary National Association of Insurance Brokers; and Mr. Moreton, W. Ray Thomas, Pittsburgh; Hunter Brown, Pensacola, Fla.; Guy T. Warfield, Jr., Baltimore, and Alvin S. Keys, Springfield, Ill., representing the N.A.I.A.

Two Companies Get PX Bids

NEW YORK—Successful bidders for the insurance on army post exchanges in the military district of Washington, D. C., are Home for fire lines and Employers Mutual Liability for casualty lines. The two companies also have the coverage for post exchanges in the third service command.

The bids on fourth and fifth service command post exchanges are being evaluated and the results will be announced shortly.

Set Up Insurance Program for Jewelers Group

NEW YORK—A program for arranging adequate and proper insurance coverage for 3,600 retail jeweler members of the Jewelers Security Alliance was approved by the advisory board of the alliance at a meeting here last week. The National Association of Insurance Agents was consulted in the drafting of the plan.

The alliance is the crime prevention and detection organization of the jewelry industry. The proposal calls for the creation of an advisory service by the insurance committee of the alliance, with assistance of the National association and C. W. Bollinger, local agent and member of the association, who established the first contact.

Although the program calls for a centralized advisory and information service, it particularly emphasizes that "under no circumstances is this insurance program to foster centralized purchasing of insurance." The prospectus strongly urges decentralized purchasing so that local jewelers can benefit by the cooperation of the local agents and enjoy the advan-

tages of their services which are available in their local communities.

The N.A.I.A. offered its cooperation on invitation of William B. Ogush, chairman of the insurance committee of the alliance, and W. Waters Schwaab, past president of that organization. Judge B. Miller, secretary of the N.A.I.A., and C. W. Bollinger participated in the negotiations.

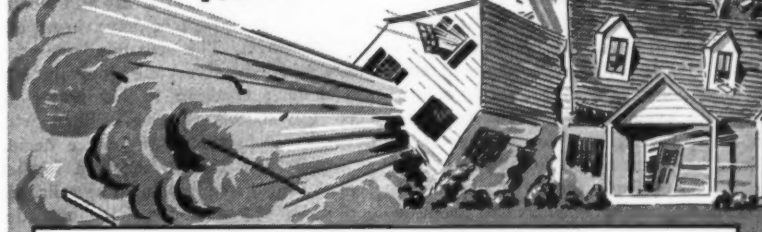
Final details of the program will be developed with the assistance of the inland marine committee of the National association, under Hunter Brown, Pensacola, Fla., chairman.

Issues Booklet on Magnesium Risks

NEW YORK—Because of the likelihood that magnesium may shortly be released for a wide variety of civilian uses, the Improved Risk Mutuals have issued a booklet giving detailed instructions for fire prevention and fire fighting in magnesium manufacture and processing. When properly handled magnesium is not unduly hazardous but if proper precautions are not taken there may be severe fires resulting in loss of life and heavy damage to property. The booklet was prepared by Alden Boothby of I.R.M.'s Boston office.

Write more A. & H. premiums with the "Pictograph," only \$3.00. The A. & H. Bulletin, 420 E. 4th St., Cincinnati 2, Ohio.

Highlights in Insurance History



Last year a 2-story double dwelling suffered a terrific explosion which caused its collapse. The house then burst into flames, which entirely destroyed some surrounding dwellings and seriously damaged others. Members of both resident families were absent at the time.

An investigation, started immediately, produced a witness who de-

scribed a man seen running out of a nearby alley after the explosion. This man was identified as an associate of a notorious character, believed to be head of an equally notorious organization. He was also an enemy alien with a police record, including charges of murder. An owner and occupant of the building in which the fire originated, he was tried, convicted and properly sentenced.

The Committee on Incendiarism and Arson of the National Board of Fire Underwriters cooperated closely with public authorities in bringing this arsonist to punishment, as it has done, and is now doing, in countless other cases all over the country. During the past quarter century, thanks to the successful operation of this Committee, arson has become a pursuit so hazardous and unprofitable that it seldom is undertaken on an organized basis.



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EDITORIAL COMMENT

The State Attorneys'-General Brief

The brief in which many of the state attorneys-general are said to be joining in seeking a rehearing of the Southeastern Underwriters case before the U. S. Supreme Court should be a document of great significance. The states have the right—not merely the privilege at the court's discretion—of injecting themselves into a case even though not a party to it. This means that the state attorneys-general are in a position to take a much stronger and more indignant attitude toward the decision than would be proper for the defendants.

Though the Justice Department's prosecution is against an association of private companies, the attorneys-general have ample basis for arguing their states' vital interest in the final outcome. The dissenting opinion of Justice Jackson stated that "this court now is not fully agreed as to the effects of the commerce clause on state power but at least the court always has considered that if an

activity is held to be interstate in character a state may not exclude, burden, or obstruct it nor impose a license tax on the privilege of carrying it on within the state. The holding of the court in this case brings insurance within this line of decisions restricting state power."

The states because of their interest in the outcome, would have every right to make demands on the court which would be improper for a litigant. For example, it would be entirely proper for the attorneys-general to urge in the strongest terms that the case be reargued before the full court rather than only the seven justices who participated in the decision. They are speaking for their respective sovereign states and are entitled to do some powerful fulminating against a decision which is as disturbing to the states as it is to the insurance business and which in the long run might be considerably more costly and complex to the states than to the companies.

Persecution of Business

In our opinion it is very regrettable that the Department of Justice is seeing fit to bring anti-trust suits at this particular time against corporations and associations that are doing their utmost to maintain production and service in a day that is much dislocated and confused. Fire insurance has not changed its manner of operation for over 25 years or so. Its last change of moment was the adoption of a scientific rating schedule. Its organizations have continued in their wonted way for a long time. There has been no public outcry except as it comes from those who seem to seek noise making machines to promote political thunder.

But in the midst of the war when every industry is harassed, when the manpower situation is acute, when all machinery is running at high gear, when everything is tense and officials and their staffs are doing everything in their power to meet the demands, the government sees fit to bring anti-trust suits. Why was not this brought 10 years ago, for example? There is no immediate cause for bringing a suit at a time of the greatest upheaval. Why not wait until after the war ended and the country resumed its normal pace?

It is unfortunate that business has to submit to political soundmakers and chicanery and be put to much extra trouble and expense at a time when everybody should be at work in his everyday job.

Now Attorney-general Biddle brings an anti-trust suit against 47 western railroads. Yet the railroads have done during the war a magnificent job. They have won the esteem and admiration of everyone for accomplishing so much during a time of great stress and storm. The burdens on them have been extremely heavy. The demands have been unprecedented. Everyone along the line has done everything in his power to keep the wheels moving. Then why does the Department of Justice decide at a time like this to throw a further big load on the railroads. The railroads and their organizations have not departed from their beaten paths. They are operating just the same today as they were 15 years ago, for example. There is no immediate call for a test as to whether they are violating the anti-trust laws.

The whole performance to us has a sinister and insidious aspect. The railroads and insurance companies are well regulated. Insurance companies are subject to the laws of 48 states. The railroads are supervised by the federal government. Surely if supervision is efficient, honestly conducted institutions can be relied on to get in line if they are out of the rays of the beam.

This is a day when every institution and every organization needs everyone at his task, putting on extra steam, taking on extra work and endeavoring to maintain as high an order of efficiency

as it is humanly possible to do.

It is interesting to recall the address that President Roosevelt made at Salt Lake City, Sept. 17, 1932, in which he was commenting on the railroad situation. He said:

"While forcing the railroads to meet unfair competition, we have not only permitted, but frequently have required them to compete unreasonably with each other. The definite programs of the past—to stop rate wars, to prevent rebates and discriminations, to improve

safety—these have all produced great public benefit. . . I believe the policy of enforced competition between railroads can be carried to unnecessary lengths . . . the railroad mesh is the warp on which our economic web is largely fashioned. It has made possible the rise of the west."

The system for making rates and schedules by the fire insurance companies and the railroads has been built over many years. The system has proved successful and fair.

PERSONAL SIDE OF THE BUSINESS

DEATHS

John F. Stafford of Babson Park, Fla., and Mrs. Stafford are spending a vacation in Chicago visiting old friends. Mr. Stafford retired some years ago as western manager of the Sun.

B. P. Carter, Richmond general agent, who was stricken ill several months ago with a heart attack while in Suffolk, Va., on a business trip, has recovered sufficiently to be able to spend several hours each day at his office.

T. Garnett Tabb, Brockenhough & Ragland, Richmond, Va., was taken seriously ill last week and is now at Johnston-Willis hospital in that city under treatment.

The marriage of Claire des Lee to Pvt. William W. Vocht is announced. Pvt. Vocht is a son of **W. Walton Vocht**, resident vice-president of Marsh & McLennan in Minneapolis.

Lt. Harvey J. Boyd, 20, son of Mose Boyd, local agent at Lewistown, Ill., is reported missing in action over Germany since Aug. 4. He went overseas early in July.

Thomas L. Farrington, vice-president of Lawton-Byrne-Bruner Company, St. Louis, has been named Democratic finance committee chairman in Missouri.

Frank Payne, Illinois special agent of National Fire with headquarters at Springfield, is now back on the job after a five month illness.

A daughter has been born at Madison, Wis., to **Capt and Mrs. Ben D. Worcester**. Captain Worcester was an examiner in the Ohio insurance department before he entered the service.

L. M. Peet, president Farmers Union Life and Sentinel of Des Moines, is reported as in a satisfactory condition following a major operation in Iowa Lutheran Hospital at Des Moines. He suffered a ruptured appendix which was removed in the operation.

Hugo P. Saggau, Denison, Ia., local agent, was elected commander of the Iowa department of the American Legion at its annual convention in Sioux City. Mr. Saggau served two years in the first world war and was a sergeant during action in France. Ray Murphy, Association of Casualty & Surety Executives, spoke.

J. J. Allen, senior member of the McKinney & Allen agency, Sioux Falls, is again able to be back at his desk after having undergone an operation.

J. Ernest Taylor, Chattanooga local agent, was married to Mrs. Anna W. Sizemore.

Hal M. Hare, 52, central department manager for the Northwestern Mutual Fire, died at Columbus, O., his headquarters last week.

Mr. Hare established the central department in 1934, embracing the middle west, New York and New England. He relinquished his managerial post last April to accept an assignment in Florida. When he failed to regain his health, he returned to Columbus where he died.

Robert M. Clayton, 57, of the George D. Clayton & Sons insurance and real estate firm at Hannibal, Mo., died there after an illness of three weeks. He had been a prominent business and public figure in Hannibal and Missouri for many years. He entered insurance in 1906 when he joined the agency of his father, George D. Clayton, Sr. A year later he went with Fidelity & Casualty as a special agent for two years, and then returned to Hannibal and the agency, which was established in 1883. Since January, 1932, when his father died, he had served as secretary-treasurer of the George D. Clayton Building & Loan Association. For several years he was a director of the Missouri Savings & Loan League, of which he was an organizer, and he was a former vice-president of the Missouri Association of Insurance Agents. He served 12 years as a member of the city council. He had been associated in the agency with his brother, George D. Clayton, Jr.

Merle Oliver, partner in the Oliver Bros. Agency, Newton, Kan., and vice-president of the Newton Insurance Board, died suddenly.

A. G. Hartley, 78, mutual company executive, died at his home near Fayetteville, Ark. He founded the Washington County Farmers Mutual Fire and was president and a director. He was secretary of the Northwest Arkansas Mutual Tornado and was president of the Northwest Arkansas Production Credit Association.

Lt. George R. Dreher of the marines, who went with Fireman's Fund at Boston on graduation from Harvard in 1942, was killed in action during the invasion of Guam. Lt. Dreher is a son of Lt. Col. Raymond C. Dreher, advertising manager of Boston and Old Colony, now on leave with the army, and Mrs. Dreher. Lt. Dreher enlisted in the marine corps Oct. 21, 1942, and received his commission Dec. 29, that year. He was awarded the bronze star for heroic



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achievement in action as assistant leader of reconnaissance patrol in Bougainville last December, and was recommended for the silver star and promoted to first lieutenant. He was in the first wave of marine assault forces on Guam.

Joseph H. Miller, 62, former president of the New York Insurance Federation, died at his home in Utica, where for many years he was vice-president in charge of insurance of Hugh R. Jones Co. He was at one time a director of the New York State Association of Local Agents.

A. J. Christman, 77, veteran Wichita local agent who retired from business in 1925, died in a hospital there after an illness of four years. He resided in Wichita for 58 years and operated one of the leading agencies for nearly 25 years, which he sold to T. A. Hiebert. He was an active Democrat and an unsuccessful aspirant for state auditor in 1932. G. F. Christman, Wichita local agent, survives him.

William W. Crawford, 65, partner in the corporation and insurance law firm of Bullitt & Middleton of Louisville, died after two weeks illness. He became a partner of William Marshall Bullitt in 1942 in a merger, previously having been a partner in Crawford, Middleton, Milner & Seelbach. Mr. Crawford was vice-president of the Bourbon Stock Yards Co., president and attorney Emmart Packing Co., past master of A. F. & A. M., chancellor of the Episcopal diocese of Kentucky, past president Louisville and Kentucky Bar Associations and past president University of Louisville Alumni Association.

Chester B. Roberts, 59, vice-president of the Roberts Co. agency, Milwaukee, died in St. Mary's hospital after a long illness. He was born there, attended Milwaukee academy and University of Wisconsin. He and his brother, Allan J., had established their agency in 1907 and conducted it for 25 years in the Roberts building which they owned. He was a noted curler, an original member of the Milwaukee Curling Club, past president North Shore County Club, and a 32nd degree Mason.

IN U. S. WAR SERVICE

Miner Shaw, Sioux Falls, local agent, has returned after 15 months in England with the intelligence office of the air force, 100th bomb group. He will remain in Sioux Falls until Sept. 10, when he will receive a new assignment.

Alexander S. Wright, Jr., former Florida special agent for Hartford Fire, has been advanced to major. He is in the southwest Pacific area. Major Wright was an engineer with the Southeastern Underwriters Association in North Carolina and Georgia before going with Hartford.

Several insurance men participated in the Guam campaign, including Major **D. V. McWethy, Jr.**, son of the local agent at Aurora, Ill., who was with his father before he entered service; Capt. **Alfred Benjamin**, formerly service office manager at Indianapolis for North America, both in the marine corps, and **Mel Hegbom** of the army medical corps, who formerly was special agent with Commercial Union in Illinois.

Lt. (j.g.) John Lenehan, former Iowa state agent for First American, spent several days in Des Moines while en route to San Francisco for assignment. He recently completed his training at a navy camp in Florida.

Pfc. Russell P. Trickey, son of Harold R. Trickey, special agent St. Paul F. & M., Nashville, has been wounded in action in the Pacific. He has been overseas with the marines since December, 1943.

Lt. Col. Lloyd Nickerson of the marine corps, who was in the thick of the fight at Guadalcanal, visited his former home town, Spokane, and spoke at a meeting of the Spokane Insurance Association. He formerly was a fieldman with Gould & Gould general agency.

Submit D. of C. Bureau Setup

(CONTINUED FROM PAGE 5)

Firemen's of Newark and temporary chairman of the rating bureau governing committee, offering help and co-operation of the Washington Insurance Club.

Charging discrimination under the bureau's constitution against the "agency forces, general agents and the agency system," Crawford also protested against the lack of by-laws for the bureau. He pointed out the old rating bureau here had lengthy by-laws.

Crawford pointed out this will be the first rating bureau set up since the Supreme Court decision and said that the country generally will assume that in view of the decision and the new fire lay here, the bureau and its plan and set up will be satisfactory to the federal government.

He complained that the experience of agents who were active in conducting the old rating bureau here would be "thrown into the discard," and that management of the new bureau would be confined to a group of salaried persons, who may be non-residents of Washington.

Managers of company branch offices would be "put into the saddle" under the constitution, according to Crawford, to the exclusion of agents. No producers would be in the bureau management. The result, he continued, would be a situation similar to that in New York, "where agency forces were 20 years late in starting battle."

Adoption of the bureau constitution would mean "another spike driven into the agency system, for the benefit of branch offices," in Crawford's opinion. He declared the situation is "very important to the National Association of Insurance Agents."

In conclusion Crawford asked Jordan not to approve the constitution in its present form. It should be amended, he urged, by insertion of a mandatory provision for membership on the executive committee by agency forces, in a manner similar to the provision of the Virginia Rating Bureau.

Mr. Payne says that under the bureau constitution other things could be done by resolution and under rules and regulations; that by-laws are unnecessary. However, some agents think by-laws would appear probably later on, if the constitution is approved.

The bureau constitution proposed here is regarded by officials as similar to the Virginia Rating Bureau constitution. Payne says the Virginia constitution provides for state agents on the bureau's executive committee.

"We don't have state agents in the District of Columbia," he continued. "Some so-called state agents here write business for their own account. There have never been agents on the Virginia executive committee."

District Corporation Counsel Lloyd Harrison holds service by agents on the rating bureau or its committees would contravene provisions of section 4 of the new fire act. On the other hand, he finds no specific provision prohibiting agents serving. He says he has advised Superintendent Jordan that the latter has no authority to dictate to the bureau what should go into its constitution or be deleted therefrom, unless it were found inconsistent with provisions of the act or were an unreasonable regulation. Harrison says he does not think it unreasonable to provide that only bureau company members shall conduct its affairs.

Constitution Given in Part

The purpose of the Bureau is to administer rates for such risks as are subject to the provisions of the act, Public Law 327.

His exploits were recorded in Richard Tregaskis' "Guadalcanal Diary," where he frequently was referred to as "Nick."

Subject to the approval of the superintendent, the bureau shall have power to establish reasonable agreements and by-laws for its governance, and to adopt reasonable rules and regulations necessary to carry out its functions, and to make and adopt rules, regulations, forms and policy conditions, in connection with the application of such rates, to the end that property in the District of Columbia may be insured upon a basis that is fair and reasonable to the insured and yields a fair and reasonable profit to the insurers, and in general to do any and all things calculated to reduce fire hazards in the District of Columbia.

The bureau shall make all filings with the superintendent on behalf of its members, except as provided under Article XIII.

The annual meetings will be held in Washington in October, commencing with 1945. Special meetings may be called by the chairman of the governing committee at his discretion, and shall be called when requested in writing by at least nine members of the bureau. One-third of the membership shall constitute a quorum for the transaction of business at any meeting. Each member will be represented at any meeting by an executive officer. Each member shall be entitled to one vote. Voting by proxy is not permitted.

The government and control of the bureau is vested in a governing committee composed of 12 members, at least three of which shall be companies organized in the District of Columbia. Each member of the governing committee shall be represented by an executive officer.

The governing committee shall be responsible for and have general supervision and control over the business and operations of the bureau; shall enact

such lawful by-laws, rules and regulations as it may deem necessary; shall annually elect its chairman who shall not succeed himself for more than one term; shall elect all officers, appoint all employees, determine their salaries and have power to remove such employees; shall employ such experts as may be advisable to effectively accomplish the purposes of the bureau; shall appoint an executive committee and such other standing and temporary committees as may be deemed necessary and shall designate the chairman and vice-chairman of each such committee; shall define and limit, subject to the constitution, the powers and duties of such committees and prescribe the terms of office of the members thereof. Members of all such committees shall be officers or salaried employees of bureau members.

The executive committee shall be appointed annually, and shall consist of nine members, any five of whom shall constitute a quorum.

The executive committee shall administer the business and affairs of the bureau under the direction of the governing committee, and shall have power to initiate, intervene and conclude with the superintendent of insurance any matter subject to the provisions of the act.

The bureau will be maintained by assessments levied by the governing committee based on gross premiums less return from direct business transacted in the district.

In article XIII each member of the bureau by becoming a member thereof, authorizes and empowers the bureau to act as its representative in making all filings with the superintendent, provided that any member in the case of any proposed deviation, shall make its filings in accordance with the provisions of section 5 of the act.



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Minnesota Agents Plan to Expand

(CONTINUED FROM PAGE 2)

"We again call upon the companies to be realistic in the formulation of modernized contracts and also in the determination of procedures that affect the interests of our clients."

Specifically, the association asked for more adequate turkey coverage from stock companies. Most of them withdrew from that field after the 1940 losses. As a result the bulk of the business is going to mutuals, it is claimed. A special report on the turkey situation was presented by George W. Odell, Willmar.

The "conglomeration of organizations that stifle progress in the insurance business" was criticized by President Armand Harris in his annual address. Resolutions adopted urge "simplification of the insurance structure to the end that unified action may be made possible."

Need Real Central Organization

The insurance business is a conglomeration of entities that neutralize the possibility of a real cooperation, Mr. Harris declared. There are more than 100 national organizations in the fire and marine business and more than 25 in the casualty field, yet agents deplore political bureaucracy. Simplification will permit a central organization that can achieve a unified course of action that is absolutely necessary, he declared. There is now confusion of opinions. No one can speak with authority on behalf of the business as a whole. He said that it is unfortunate that the knowledge of agents as to the desires of the public counts for little in the home offices of companies when changes are made. At times companies fail to recognize their obligations to the public, and he cited the 1940 turkey losses which caused insurers to pull away from such coverage as an example. Agents could not procure protection for clients, they suffered in prestige, and talk about service became a name, he said. Insured had to turn to a mutual. Such cases should never arise, he declared.

Exterminate Boards and Bureaus

"There should be a wholesale extermination of boards, bureaus and associations the companies support for reasons that are obscure to me," he urged. "This drastic action is necessary to bring about cooperation between units of the insurance business," and achieve a central organization that speaks the voice of the business. Until then the business cannot go before the public with any hope of success.

The association reaffirmed its stand in support of a stricter financial responsibility and driver's license law.

State National Director Richard A. Thompson said agents are getting impatient for the new dwelling and contents form. He urged its immediate adoption in Minnesota so that agents may cash in on the added business it is expected to produce.

Regional Associations Thrive

Merrill G. Rolfson, Austin, said that despite travel difficulties the regional associations have been functioning well with increased attendance in several cases. He recommended continuance of the speakers' bureau provided by fire field men and suggested that casualty field men provide a similar service.

Rural agents should go after more casualty business and also try to get lower rates on farm fire insurance. C. R. Hewitt, Dorset, rural agents chairman, recommended. He favored an educational program for the rural agents who do not have the advantages in this respect that agents in the larger cities do. Fire prevention should be stressed, he said, and any left-over fire fighting equipment of the Office of Civilian Defense could be utilized in the rural areas.

Fred A. Moreton, president of the

National association, sketched briefly some of the major problems which confront the N.A.I.A., including the Supreme Court decision in the S.E.U.A. case. While the industry would survive under federal regulation, or dual regulation, state regulation is definitely preferable, he said. The insurance industry should not be charged with asking for special privilege or immunity. It does not need that, he said though legislation to maintain efficient operation of the business, with the approval and regulation of the various states, may be necessary.

Referring to the attack on the Minneapolis Underwriters Association by a non-member, charging a conspiracy and monopoly under the Sherman Act, he said that Minnesota, through an approved rating bureau, compels the establishing of uniform rates and compels the agent to sell insurance at the price so fixed. Minnesota is one of six states that gives statutory approval to this very practice, and for this the agents are charged to be conspirators and monopolists.

VALUE OF AGENT

Mr. Moreton views with concern the tendency of government commissions, such as the Maritime Commission, to minimize or ignore the value of the insurance agent, and the necessity for proper insurance or sureties on government contracts. Steps are being taken to counteract such tendencies.

Aviation Insurance Talk

The possibilities of aviation insurance for Minnesota agents were explored by Louis F. Hawley, vice-president, Newhouse & Sayre, Chicago.

William Green, assistant attorney-general of Minnesota in charge of insurance and aviation matters, explained a constitutional amendment to be voted on this fall to provide for postwar aviation expansion in this state.

The annual dinner drew a crowd of 400. It was arranged by the St. Paul exchange, and President Leroy D. Engberg presided. Commissioner Johnson was toastmaster. He reviewed briefly the progress made by a subcommittee of the National Association of Insurance Commissioners to meet the situation caused by the recent Supreme Court decision.

The principal address at the dinner was by Senator Ball of Minnesota, who argued for an international approach to world problems by the United States. Exaggerated nationalism of individual nations will lead to another world war if allowed to continue, he declared.

At the dinner certificates were presented to 13 men and women who have completed the 100 hour educational course of the National association. All were members of the St. Paul exchange or the St. Paul Association of Insurance Women. They were Miss Elsie Burns, Commercial State Bank agency; Mrs. Edith M. Cooke, Miss Estelle E. Dowdell, Frank H. Klein and Karl V. Klein of W. A. Lang, Inc.; Geo. M. Desmond and H. V. Walsh of U. S. F. & G.; G. Kaufman, Kenney Co.; F. W. Jefferson and R. H. Harstad of Virgil V. Roby; W. I. Cox, St. Paul agency, and J. D. Anderson and H. S. Matteson of Cathcart & Maxfield. The certificates were presented by George W. Scott, educational director of the National association.

Williams' Career

Howard Williams, the new president of the association, joined his father's agency in 1927, the Theodore Williams agency at Mankato, which was established in 1883 by his grandfather, J. F. Williams. He has been in charge of the agency since 1934 when his father

died. His father was president of the Minnesota association 1913-1915, and was president of the Minnesota Insurance Federation. Mr. Williams himself is past president of the Minnesota Regional Association which he helped organize, and he has been active in the organization of other Minnesota regionals. He has been chairman of the executive committee and active in association affairs for many years.

Convention Notes

In recognition of his 15 years service to the state association, Charles F. Liscomb, Duluth, past state and national president, was presented with a chopped ice container.

The new executive committee named as delegates to the national convention at Milwaukee, Howard Williams, William Knudsen, Richard Thompson, Frank S. Preston, and Armand Harris.

R. D. Voss of the Stock Company Association, Omaha, was a visitor and spoke briefly.

Bert Odell, president of the Minnesota State Association of Life Underwriters, Inc., was a guest at the annual dinner.

Frank Rogers, whose general agency sponsored the complimentary luncheon, was unable to be present as he was a patient in a St. Paul hospital with a fractured skull, the result of a fall. His place as host was taken by his brother, Joseph Rogers.

Attendance prizes were war savings stamps donated by Edward C. Huhnke, manager, Maryland Casualty, and Nick Dekker and Gabe Wilk of the America Fore group.

CAA Is Placing on Sale Thousands of Planes

Several thousand army and navy planes are being placed on sale under supervision of the Civil Aeronautics Authority at a number of points over the country. These are "surplus" machines, outmoded artillery spotters, training planes no longer used, some transport planes, etc. Sealed bids are being made.

Aviation insurance men say that the ships will require considerable rehabilitation, and will not be insured until they are issued NC licenses.

A total of 4,037 airplanes of Defense Plant Corporation used in the Civil Aeronautics Administration war training service, which had been declared surplus, has been sold up to Aug. 15 according to a report by Secretary of Commerce Jesse Jones. The planes sold for \$6,383,474, compared to their cost price of \$10,465,724. This left on hand Aug. 15, 1,278 plane items costing \$3,689,938, of the total 5,315 surplus planes acquired by RFC, which had cost the government \$14,155,662.

RFC-owned surplus reported on as of August 15 also included 29 items of Link trainers from CAA which cost \$248,616 and were sold for \$78,707; seven CAA plane engines costing \$5,548 and sold for \$3,182.



*This is the Month
TO SELL
American Casualty's
FAMILY RESIDENCE
and OUTSIDE THEFT
INSURANCE*

RIGHT NOW is a good time to concentrate on this policy because you can point out that both the regular residence and the vacation home are covered. Prospects are almost unlimited because every householder needs it—practically everyone can afford it. Provides low cost BLANKET Coverage from \$500 to \$50,000*. Insures every member of the family, while at home and away from home. It's easy to sell—easy to renew.

*NEW IMPORTANT FEATURE—From now on, money and securities are covered for all disappearance, destruction (including fire) and wrongful abstraction. (Not available in all States.)



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of Reading, Pennsylvania

Complete Casualty and Surety Facilities

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Trusted Group Plan Adopted by Book Publishers Bureau

Novel Setup Made Possible by Recent Amendment to N. Y. Law

NEW YORK—To provide a complete program of group life insurance, hospitalization, accident and sickness and retirement annuities for book publishing firms, many of which are not large enough to qualify for group coverages individually, the Book Publishers Bureau has set up a complete group plan for all its subscribers who care to make use of it. The novel feature of the plan is that it is on a trusted basis made possible by an amendment to the New York insurance law passed in 1943 which permits the issuance of a group policy to trustees of a fund set up by the employer members of a trade association and is believed to be the first industry-wide trusted plan set up independently of collective bargaining agreements.

The plan, which is written by Connecticut General Life, permits the issuance of larger group life insurance benefits than would be available to most of the participating firms, even though they were large enough to qualify individually, since the maximum size of any individual's insurance depends on the size of the group. Executives may take out life insurance up to \$10,000 each under the plan.

Miss Anne Foster, organizer and president of the A. M. Foster Company of New York City, which acts as trustee and as liaison between the company and the bureau, is insurance adviser to bureau subscribers. She has also done considerable general insurance business with book publishing firms.

Before the 1943 amendment the New York law was so worded that companies were doubtful that they could legally write the type of plan evolved by Miss Foster as a group contract, but the amendment removed all doubt by making employer trade association trustees eligible as insured under group plans.

Ten book publishers are already in the plan, five more are "in the works" and a number of others have the plan under consideration.

The plan has obvious advantages for any organization of corporations which are too small to qualify for group coverages or to make the fullest use of them. However, it is anticipated that group-writing companies will proceed cautiously in accepting this type of plan, making sure that the type of firms which are members of an insured association are stable, high-grade, and likely to continue with the plan once they are in it.

The great potential trouble with such a setup is that a substantial number may drop out, leaving the underwriting company with a much smaller group than it would willingly have accepted. The Book Publishers Bureau, however, is a stable organization and its subscribers include the country's major publishing firms, so all the factors are in favor of the plan's working out successfully for Connecticut General as well as for the insured.

Seattle's traffic accidents increased 8.9% in number, a 20.5% increase in injuries, but a 12.2% decrease in fatalities for the first seven months.

Personnel of U. S. Chamber Insurance Committee

New Sections for Marine and Aviation; Madden Chairman

WASHINGTON—President Eric A. Johnston of the U. S. Chamber of Commerce has appointed the 1944-1945 insurance committee. The 29 members are from 18 cities and represent principal sections of life, casualty, fire and marine insurance. Two special sections on marine and aviation insurance have been added to the committee so that specific study may be given to postwar plans and developments in these fields. The new committee will meet Sept. 21 in Washington.

"The nation's insurance industry—companies and producers—in war and in peace, presents a splendid example of achievement in the American system," Mr. Johnston said in announcing the committee. "As a public service institution, providing a bulwark of security for industry, family and individual, it represents capitalism at its best. It is a stabilizing influence for our American economy and productive power. In the postwar era of clearly indicated, unprecedented expansion of peacetime business and commerce, the insurance industry will inevitably attain even greater heights in accomplishment and service."

Members Are Given

James L. Madden, vice-president of Metropolitan Life is chairman of the committee for the third consecutive year. Other members are: Asa V. Call, president Pacific Mutual Life; Frederic C. Church, Jr., Boit, Dalton & Church, Boston; Rollin M. Clark, executive vice-president Continental Casualty; Fred Conklin, president Provident Mutual Life, Bismarck, N. D.; Marshall B. Dalton, president Boston Manufacturers Mutual Fire; John A. Diemand, president North America; Esmond Ewing, vice-president Travelers Fire; Laurence E. Falls, vice-president American of Newark; Chester O.

Fischer, vice-president Massachusetts Mutual Life; Hovey T. Freeman, president Manufacturers Mutual Fire, Providence, R. I.; W. T. Grant, president Business Men's Assurance; Charles C. Hannah, president Fireman's Fund; Charles E. Hodges, president American Mutual Liability; Carl N. Jacobs, president Hardware Mutual Casualty; W. Ross McCain, president Aetna Fire; William E. McKell, president New York Casualty; C. F. O'Donnell, president Southwestern Life; Herman J. Pelstring, president Pennsylvania Lumbermen's Mutual Fire; T. A. Phillips, president Minnesota Mutual Life; Chase M. Smith, secretary National Retailers Mutual; Harold V. Smith, president Home; John A. Stevenson, president Penn Mutual Life; Grant Taggart, California-Western States Life, Cowley, Wyo.; John M. Thomas, president National Union Fire; J. H. R. Timanus, secretary-treasurer Philadelphia Contributionship; John L. Train, president Utica Mutual; Frazer B. Wilde, president Connecticut General Life, and William D. Winter, president Atlantic Mutual.

The special marine insurance section, under the direction of Messrs. Winter and Diemand of the committee, consists of Donald C. Bowersock, vice-president Providence Washington; Hawley Chester, Chubb & Son, New York; Charles Page, Johnson & Higgins, San Francisco, and Owen C. Torrey, manager Marine Office of America, New York.

The special aviation insurance section, under direction of Messrs. McKell and Smith of the committee, is composed of David C. Beebe, chairman U. S. Aviation Underwriters; G. C. Crisp, vice-president American Mutual Liability; G. L. Lloyd, manager Aero Insurance Underwriters; W. R. Mengelberg, vice-president Lumbermen's Mutual Casualty; Daniel DeR. M. Scarritt, manager Associated Aviation Underwriters, and H. W. Yount, vice-president Liberty Mutual.

Messrs. Conklin, Fischer, Jacobs and Thomas of the committee are also directors of the chamber.

W. K. Lloyd to High Legal Post with Md. Casualty

BALTIMORE—W. Kenyon Lloyd, a general attorney on the staff of the legal division of Maryland Casualty Company for 20 years, who recently received his honorable discharge as a major in the army air forces, has been appointed assistant general counsel. A native of Rockdale, Tex., Major Lloyd studied at Massachusetts Institute of Technology and received his law degree from George Washington University in 1923. He went with Maryland the following years.

Major Lloyd entered the air forces on indefinite leave in 1942, with the rank of captain, and shortly thereafter was promoted to major.

Two Big Coast Contracts

LOS ANGELES—United Concrete Pipe Corporation of Los Angeles has been awarded a \$1,540,000 navy contract for the construction of an ammunition classification and segregation yard at Seal Beach, Cal. Maryland Casualty and U. S. F. & G. are on the bond.

Macco Construction Co., Los Angeles, has been awarded a \$3,420,000 contract for the grading and construction of runways at the naval base at San Diego. Fidelity & Deposit will handle the bond.

Standard Accident to Have Fire Running Mate

Special Meeting of Stockholders Is Called to Approve Project

DETROIT—Standard Accident plans to organize a stock fire company as a running mate if stockholders approve the directors' proposal. The board has called a special stockholders meeting in October to authorize the step and to double the Standard's outstanding capital stock.

President C. C. Bowen in a letter explained Standard will be able to offer to the insurance buying public a more complete insurance service than is now possible. The board will ask stockholders to approve an increase of 175,938 shares in the authorized capital stock of Standard, thereby doubling the present amount of stock.

Gives Details of Proposal

It is contemplated stockholders will be offered the right to subscribe, at \$10 per share, for one new share of common stock for each share held of record on a date to be determined by the board. It is anticipated, subject to changes in earnings and other factors affecting dividend policy, that dividends on the increased amount of stock to be outstanding will be at the rate of \$1.45 per share.

Standard Accident May 29 completed 60 years of service.

Banks Issuing Probate Bonds May Be Regulated

An opinion is being awaited from the Indiana attorney general on the question of whether a state bank and trust company that issues probate bonds for its clients is subject to insurance department regulations including examinations. The question was submitted by Commissioner Viehmann. A number of Indiana trust companies, it is reported, are issuing such bonds in considerable numbers and at rates far below those charged by the regular surety companies.

Downey Agency Head of Pa. Casualty

Pennsylvania Casualty's superintendent of agencies, William A. Wilson, has decided to return to Oklahoma City to give his full time and personal attention to his extensive business interests there, and has resigned.

Walter F. Downey, formerly assistant branch manager of the General Accident New Jersey office, has been named as Mr. Wilson's successor.

Mr. Downey entered the casualty insurance field 23 years ago in New York after deciding not to make law the career for which he was then studying. He has wide knowledge of the business, of which he is a keen student. Pennsylvania Casualty now is writing all principal casualty lines.

Urges Competitive Measures in Oregon

Plan Proposed That Will Give Private Carriers an Opportunity

Considerable enthusiasm was aroused among Oregon agents for a program to bring about a competitive workmen's compensation insurance opportunity in the state by the talk that was given at the annual meeting of the Oregon Association of Insurance Agents by J. T. Blalock, assistant general counsel of Pacific Indemnity. There have been predictions that a concerted effort might be launched this fall to challenge the monopolistic state fund setup in the state and Mr. Blalock's talk may very well be the opening gun.

Mr. Blalock suggested that the agents' association organize a committee to take charge of the program and that committee should select a single individual to provide the leadership. This would be a full time job.

Then a workmen's compensation act should be drafted that will embrace the principles of competitive enterprise, permitting private insurers to compete with self insurers and the state fund. The power to regulate rates should be vested in the Oregon insurance department. An inspection rating bureau should be established.

The entire program should be submitted to labor leaders. Careful analysis should be made of the proposed bill and comparison presented with the present law. He said that if the program is well conceived and is clearly presented to labor there is a good chance of getting the cooperation and support of labor. Also the support and approval of Oregon industry should be solicited.

While not expressly advocating adoption in Oregon of the California setup, Mr. Blalock gave a summary of the provisions of the California law and spoke in praise of it. In California the field is open to the state fund, private insurers and self insurers. He declared that competitive enterprise has served to reduce workmen's compensation costs in California. The companies developed safety engineering to a high point, he observed, because they were compelled to reduce losses to the low rating expectancy if they hoped to make a profit competing with the state fund which does not need to show a return on investments.

Were the Oregon state insurance fund compelled to meet competition the causes of the dissatisfaction against the compensation plan, he predicted, would disappear. Competition would force the fund to bring about necessary changes.

In California last year the total compensation premiums were \$73,429,401, of which \$13,527,420 or 18% was written in the state fund. In this 18% is included all state and county business which under the law must be placed in the state fund. "These figures," Mr. Blalock observed, "exist in the face of the fact that the state fund writes without any attempt at profit. Yet 82% under free competition selected the benefits of private insurance carriers (private enterprise)."

Kansas Hearing This Week

TOPEKA—The hearing on casualty insurance rates in Kansas called by Commissioner Hobbs has been postponed until 10 a. m. Aug. 31 when an open hearing is scheduled. A number of prominent agents are expected to attend.

Ray W. Curran, attorney with a large insurance practice, is moving his office from the R. A. Long building at Kansas City, in which he has been located 20 years, to the Reliance building there.

Ohio Association Applies to N.A.I.A.

(CONTINUED FROM PAGE 1)

J. F. Van Vechten, Akron, president of the Ohio association, has been designated state national director.

Upon receipt of the application in a telegram from T. M. Gray, executive secretary of the Ohio association, F. A. Moreton, Salt Lake City, president of the National association, said: "It is particularly good news at this time when solidarity and unity are the prerequisites for a successful defense against the attacks now leveled at our business. With the entrance of the Ohio association the National association embraces each of the 48 states, District of Columbia, Hawaii, and Puerto Rico, and is more truly representative of the American agency system."

Ohio withdrew from the National association Feb. 11, 1939. Negotiations for reaffiliation began in October, 1942, with the appointment of negotiating committees by both groups. These were actively continued by Mr. Moreton in the interim. Officers of the Ohio association have demonstrated on many occasions their interest in National association activities and have maintained close contact with its executives. The National association has, on occasion continued to give recognition to Ohio's particular problems and views in the interest of the agency system as a whole. Although a desire to rejoin the National association has been evident two years, several internal problems had to be considered before official action could be taken and these have now been successfully disposed of.

Union Criticizes W. C. Doctors

The CIO United Steelworkers, District 32, at its Milwaukee convention charged in a resolution that Wisconsin and Illinois industrial commissions permit selection of physicians by insurance companies. This has "brought about scandalous conditions," it was asserted, producing "divided loyalty on the part of physician and subservience of many medical men to insurance companies."

Chairman Voyta Wrabetz of the Wisconsin commission in a newspaper interview asserted that injured workers are allowed to choose any doctor from a suggested panel of physicians in good standing with the state medical society. This panel is a broad one, not comprised solely of physicians employed by insurers, he asserted. Their names are posted in all industries.

Doctor Speaks in Los Angeles

LOS ANGELES—Dr. Rutherford T. Johnstone, Los Angeles industrial medicine specialist, spoke to the Casualty Insurance Adjusters Association of Southern California on medical legal testimony. Both claim men and doctors often instill the idea into the patient's head that he has a substantial claim, he said.

Occupational diseases will increase in the future, he predicted. The average industrial doctor is not interested in occupational medicine as industrial medicine is not being given its true place in medical schools.

Chaffee Canada Manager

H. A. Chaffee has been appointed supervisor of the Hooper-Holmes Bureau for Canada with Toronto as his headquarters. He joined the organization in February, 1932, and has had general experience with its work.

Martin Lewis on Missouri Trip

Martin Lewis, president of the Towner Rating Bureau, was guest of honor at a luncheon of the Surety Underwriters Association of St. Louis Monday. He went on from there to Kansas City for a meeting with surety people there.

Traffic Death Toll Falls 1% in July: 8% Up for Year

The nation managed in July to put a slight crimp in the rising traffic toll that has defied wartime restrictions since it began to climb last October, according to the National Safety Council. A 1% drop in the July toll from the same month last year was reported, which placed the death total for this July at 1,770, against 1,790 last year.

The seven-month traffic death toll is 12,620. This is 8% above the 11,680 total for the same period last year, but it is 38% below the toll of 20,317 piled up in the first seven months of the pre-war year of 1941.

Fla. Rejects "Comp" Rate Increase Filing

The Florida department has ordered that the existing workmen's compensation rates be continued in effect for another year. In so doing the state authorities rejected the filing of the National Council which provided a 6.7% average increase in rates.

Question State Car Bid

INDIANAPOLIS — James A. Emmert, Indiana attorney-general, has been asked to rule on legality of action by the state highway commission in awarding a contract for automobile insurance totaling \$9,890 on state highway department cars and trucks to an agency in which one of the partners is a member of the state senate. The contract was awarded to Illinois National Casualty through C. Herman Pell & Son of Brazil, Ind., on a low bid. C. Herman Pell is a Republican state senator and the issue of legality was raised after the award because of Mr. Pell's status as a state official. The next lowest bid was \$10,050 by Auto Owners' Mutual.

Dorsett Confers With Coast Group

SAN FRANCISCO—J. Dewey Dorsett, general manager Association of Casualty & Surety Executives, met with members of the Pacific Coast advisory committee of the association here. Mr. Dorsett was introduced by his predecessor, C. W. Fairchild, who retired from active business a few months ago. Reginald Moss, Pacific Coast manager, seconded the introduction. Accompanied by Mr. Moss, Mr. Dorsett is now in southern California meeting the casualty and surety men in that section. Mr. Fairchild has returned to his home in Auburn, Cal.

HONORED IN LOS ANGELES

LOS ANGELES—J. Dewey Dorsett, general manager Association of Casualty & Surety Executives, was the honor guest at a luncheon tendered by President Milton Johnson of Pacific Indemnity and President John Deering of Guaranty.

Industrial Hygiene Meeting

The annual meeting of members of Industrial Hygiene Foundation, an association of industries for the maintenance of healthful working conditions, will be held at Mellon Institute, Pittsburgh, Nov. 15-16.

More than 260 industrial concerns will be represented at the sessions. Others are admitted by invitation. The program, geared for management, will consider sickness in industry and problems connected with sick absenteeism which call for postwar solutions.

The panel on putting the disabled veteran back to work, which the foundation pioneered at its 1943 meeting, will be continued and will report on helpful experiences which companies are now gaining in fitting the returning soldier to the right job.

Tennessee Accidents Increase

NASHVILLE—For the fiscal year ending June 30, Tennessee industrial ac-

Ensor Backs Agents Who Want Hand in Making Changes

BALTIMORE — Commissioner Ensor of Maryland, speaking here before a special meeting of the Maryland Association of Insurance Agents, attended by Carlyle Hill, executive manager, and other members of the Middle Department Rating Association and representatives of the executive committee of the Eastern Underwriters Association, asked that these representatives carry back to their organization the thought that representative agents' groups such as the Maryland association should be consulted before regulations with regard to rates and forms are put into effect.

Mr. Ensor expressed the belief that such a procedure would do away with many misunderstandings because agents have a viewpoint entirely foreign to the actual promulgation of rates but are familiar with their practical application in writing of coverages for the best interests of assured.

Calling attention to the fact that insurers, agents and commissioners, in view of the recent Supreme Court decision, are living in rather unusual times, Commissioner Ensor asserted that "we must keep the question of insurance in the family of states, keep it home where we can be close to the problems, instead of under the White House dome."

The meeting was called to have representatives of the Middle Department Rating Association explain to the 150 agents attending from over the state the new rules and regulations applying to the reduction in rates and the application of the new dwelling and contents form. H. Merrill Walters, Pocomoke City, president of the Maryland association, was in charge.

Directors of the Maryland association following the general meeting adopted a resolution protesting to the Middle Department Rating Association the rule making the new broad form mandatory and asking that agents continue to have the privilege of using any form that does not contain conditions in violation of rules.

Another resolution protested the fact that neither the insurance commissioner nor the Maryland association was consulted on revision of rates and adoption of the new form, and asking that before any further changes are made the commissioner and the association be offered the opportunity of conferring with the proper committees.

The agents association endorsed Guy T. Warfield, Jr., Baltimore, past president and now state national director, for vice-president of the N.A.I.A.

N. A. I. A. Booklet Describes Functions of Local Agents

Transition of the public relations program of the National Association of Insurance Agents from internal to external activities is marked by the release of a new pamphlet, "Your Insurance Agent—What He Is—What He Does—How He Serves You." Small enough to fit into a small envelope, the 16-page booklet in color is designed to tell the story of the local agent to the general public.

Comments on the advance copies were favorable and enthusiastic. The services of the agent are concisely told. The headings describe him as an independent businessman, tell how he surveys and analyzes protection needs, provides tailor-made insurance protection, gives service as well as sells, helps prevent losses, helps when a loss occurs, and his activities as a good citizen.

Cidents totaled 15,151 and there were 172 deaths compared with 14,302 accidents and 152 deaths for the previous year, according to the workmen's compensation division. There were 13,500 employers in Tennessee carrying compensation.

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ACCIDENT AND HEALTH

Security Mutual's Family Group Form Unusual

Security Mutual Life of Binghamton has just introduced a new family group hospital indemnity form of unusual appeal. One policy covers all members of a family and benefits of \$6, \$5, \$4 or \$3 per day are available, payable at the rate purchased and not on an incurred expense basis. Miscellaneous expense allowance is five times the daily hospital rate.

Unusual features include 45 days' indemnity at the purchased rate, plus 60 additional days at 1/2 for any one accident or sickness (not limited to any one contract period or any 12 months). Benefits for pregnancy, childbirth or miscarriage are optional—with a rate adjustment if excluded. Surgical benefits ranging in amounts from \$5 to \$100 are available as a supplementary coverage.

An unusual feature is the arrangement permitting payment of half indemnity for unknown, untreated conditions of a preexisting nature. Two years after policy date it is incontestable as to date of origin of sickness causing loss thereafter.

Shift to Peacetime Jobs Complicates Inspections

NEW YORK — Inspection companies, which found their activities considerably complicated by the wartime migration of workers from place to place, now have an additional headache in the pronounced shift of war workers back to peacetime jobs. At the same time the trend to war industries continues in considerable proportions, while the situation is further complicated by the relatively short job tenure in many positions.

As many war workers see the end of

the European war coming closer they have become anxious to get into their former line of work or at least something with a reasonably permanent post-war future to it.

Trone Has Adjustment Service

Don G. Trone, Indianapolis agent, is opening an independent claim adjustment service for Indiana, western Ohio and northern Kentucky to handle inspections, adjustments and settlements on life, accident, sickness and hospital claims. Mr. Trone has had more than 25 years experience in the accident and health field, 15 of them in claim adjustment work.

Health Plan for U. S. Employees

WASHINGTON—Creation of a program to protect and improve the health of government employees was urged by a number of high government officials and other witnesses at a hearing before a house civil service subcommittee on the Randolph bill.

Speakers endorsing the idea included Paul McNutt, federal security administrator; Dr. Thomas Parran, surgeon-general Public Health Service; Arthur Fleming, civil service commissioner; Rep. Randolph, West Virginia; Dr. Carl Peterson, American Medical Association; Gen. Frank T. Hines, Veterans Administrator.

Dr. Parran said the program would not be socialized medicine. Dr. Peterson promised the medical profession would aid the proposed government program. Mr. Fleming said sick leave in government service averaged seven days a year and if one day could be cut off, it would be equivalent to full-time service of 20,000 employees.

Al Simonich has been appointed district manager at Sioux Falls, S. D., by North American Life & Casualty.

CHANGES IN CASUALTY FIELD

American Auto, Associated to Combine in Portland

LOS ANGELES — President L. S. Moorhead of Associated Indemnity and Don R. Sessions, vice-president of American Automobile in charge of Pacific Coast field operations for the American-Associated group, this week announced plans for consolidation of the companies' branch offices at Portland, Ore. New enlarged quarters in the Yeon building where American Auto now is located will be occupied sometime in November.

Philip Carrell, resident vice-president of Associated companies at Portland, is to be in charge of the combined company operations, and R. J. Lincoln, Portland claims manager of American Auto, will have supervision of the consolidated claim departments. R. W. Reppert, assistant manager of American Auto in Oregon, will occupy the same position for the combined organization.

C. R. Birkenmeyer, manager of American Auto, will continue to make his headquarters in Portland for an indefinite period to assist in consolidation. He ultimately will be transferred to another important post in the American-Associated organization. I. W. Howe, at present in charge of the Associated claim department, also will be assigned to another position of responsibility in the group organization.

Jackson Named Special Agent

Robert E. Jackson has been named special agent for General Accident and Potomac, operating from office at 129 E. Market building, Indianapolis. Mr. Jackson has been with the company two years as pay roll auditor in Indiana.

F. M. Mitchell Forms Own Claims Office in Oklahoma

F. M. Mitchell has established his own independent adjusting organization in the First National Building, Oklahoma City, operating as Mitchell Claims Service at Oklahoma City. He started in 1920 with Trezevant & Cochran, Dallas general agents, and went with Universal Automobile when that company was organized. He was connected with Trinity Universal, for eight years being superintendent of claims and claims attorney for that company.

Leineke with Mass. Bonding

George F. Leineke has joined the Indianapolis office of Massachusetts Bonding as special agent. He has been in insurance 15 years. For several years he was in inspection work, principally in Illinois, working chiefly on workmen's compensation and miscellaneous casualty lines.

From 1936 to 1944 he was manager of the Pacific Coast branch of the National Bureau of Casualty & Surety Underwriters at San Francisco in charge of rates, rules and general administration of the office. Mr. Leineke will act as special agent under D. G. Prescott, acting manager.

F. & D. Midwest Changes

The story in last week's issue of THE NATIONAL UNDERWRITER regarding Fidelity & Deposit promotions in the midwest did not make it clear that A. J. Crooker, formerly assistant manager in Cleveland, has been appointed manager at Detroit, and C. A. Keith, formerly special agent, has been made assistant

manager at Detroit. Carl H. Kuhn continues as manager at Cleveland.

Kern Insurance Agents, St. Louis, have been appointed general agents by American Casualty covering St. Louis metropolitan district, part of eastern Missouri, west and southern Illinois.

PERSONALS

Carl M. Steinbach, Indiana special agent of Hartford Steam Boiler, after a 10-day stay in an Indianapolis hospital, is now at home and will soon be able to resume work.

W. L. Bloomer, casualty specialist of the RFC insurance division in Washington, is the proud father of a son.

Otto Patterson, vice-president of American Automobile, is vacationing at a ranch in New Mexico.

Cyril E. Ballenger, 48, sales supervisor in central Ohio for Beacon Mutual Indemnity, died. He also conducted a local agency.

John T. Harrison of Flynn, Harrison & Conroy, New York City, has been notified of the death of his son, 2nd Lt. Charles D. Harrison, who was killed in action in the European theater.

Iowa Farm Bureau to Form Affiliated Life Company

The Iowa Farm Bureau Federation will enter the life insurance field. Directors have authorized establishment of a life company to be affiliated with the casualty firm now in operation.

The Federation entered the automobile insurance field in 1939 with organization of Iowa Farm Mutual. The life company, like the casualty carrier, will be only for federation members. Officers will be the same as those of the federation, with Allan Kline as president.

Increase Training Allowance

PORTLAND, ORE. — Increases in the monthly maintenance allowance for injured workmen who are receiving vocational rehabilitation training have been announced by the Oregon industrial accident commission. The allowance for married men without children will be \$50 per month, double the old rate. Single men will get \$40 per month, a \$15 increase, while married men with one child will get \$55, a \$25 increase. The maximum payment will be \$60 for married men with two or more dependents.

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Philadelphia
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San Francisco
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Text of Graves Report

(CONTINUED FROM PAGE 1)

celerate the development of the system of state regulation. But that is not all. Not only did the states rely upon this long and consistent series of judicial and Congressional precedents but so did the business itself. As a result a great institution grew and flourished.

Insurance Business Alert

The insurance business has been alert to keep abreast with the ever-changing and expanding developments of American social and economic life. As American industry increased in size and complexity the insurance business did likewise. Some idea of the complexity of the business may be gleaned from the fact that the insurance law of the state of New York makes provision for 22 major kinds of insurance.

This list is by no means all-inclusive. Each of these major kinds of insurance embraces a wide variety of coverages, in some instances running into the hundreds. All of this development has of necessity been based upon affirmative state regulation and the inapplicability of existing federal statutes such as the federal trade commission act, the Robinson-Patman act and the Sherman and Clayton acts.

On June 5, 1944 the United States Supreme Court handed down its decision in the *South Eastern Underwriters* case. The decision completely reversed the fundamental basis underlying state regulation of the business by holding that insurance was commerce.

IMMEDIATE EFFECT

One of the immediate effects of this decision was to make applicable to the insurance business a series of federal acts which will be, in many instances, in direct conflict with the provisions of state laws.

Another effect, and one equally mischievous, was to subject state regulation and the business to a long line of judicial decisions interpreting the commerce clause of the Federal Constitution and other federal regulatory acts enacted pursuant thereto. The practical effect of this may be to impair in some respects the well-established regulation by the states and the conduct of the business itself. To substitute a case-by-case determination of vital problems for orderly regulation and management can scarcely be regarded as a progressive step. Moreover, companies, boards, officers and employees relying upon what they regarded as the established law of the land, may have become overnight subject to criminal liability—all in the absence of an act of Congress specifically regulating the insurance business.

Unfavorable Developments

In directing attention above to some of the major consequences of the decision, the sub-committee's intention is to emphasize the importance of the situation now confronting the states and the industry alike. It is not to say that they constitute the only effects. As a matter of fact, the sub-committee also found that a number of other unfavorable developments have occurred. By this we do not mean the routine readjustment problems flowing from the ordinary court decision; we mean problems jeopardizing the effectiveness of some of the regulatory functions of the states and potentially affecting vital sources of state revenue. The problems created for the insurance industry are equally grave. Those familiar with the industry who predicted endless litigation have already seen their fears in this respect begin to materialize. These and kindred developments cannot but cause concern to those state officials entrusted with the responsibility of administering and enforcing state insurance laws. They know that in the final analysis the insurance-buying public and the public at large will be affected adversely thereby.

It must be apparent to all thinking people that this uncertain and intolerable state of affairs cannot be allowed to continue.

Fact Finding Body

This sub-committee on federal legislation was appointed by the executive committee of the National Association of Insurance Commissioners Oct. 7, 1943. It was directed to function as a fact-finding body in connection with existing and proposed federal legislation. Logically, when the decision in the *South Eastern Underwriters* case was rendered, the sub-committee's efforts became more intensified. Consequently, pursuant to a resolution adopted at the meeting of the National Association of Insurance Commissioners held at Chicago in June of this year, it undertook the task of making specific recommendations to the executive committee of the association not later than Sept. 1 of the year.

Notices of its meetings were widely publicized. All interested persons were invited to appear. Requests were made for the submission of memoranda and briefs so that the sub-committee would have the benefit of any technical research made into this problem by others. These

were supplemented by public and private hearings at which interested parties expressed their views orally. In addition to these sources of information, the various members of the sub-committee, representing a geographical cross-section of the country, each one the chief administrator of the insurance department in his own state, had available to them the facilities and background of their respective insurance departments, all of them with histories extending back many decades. All material and evidence presented was carefully weighed.

Arguments are Compelling

As a result of its deliberations the sub-committee found an overwhelming sentiment for the retention of state regulation. The arguments advanced in its favor were compelling. Chief and foremost among them was the fact—undisputed—that because the states are closer to the people than is the nation, they are better able to deal with insurance problems arising in their several jurisdictions.

Second, and of equal importance, is the fact that the insurance business does not lend itself to a rigid, centralized control. Flexibility is of the essence. Regulation must be geared to regional and sectional needs.

A third and equally persuasive reason, although one which flows from the first two, is the record of the business in this country, extending back over 100 years, and the service which it has rendered to the public. No industry could have thrived to the extent that the insurance industry has, nor could the public have gained as it has, if either the philosophy or administration of state regulation had been unsound.

Recommendations Are Made

The sub-committee recommends as follows:

1. The enactment by Congress of affirmative legislation under the commerce clause of the Constitution by which it formulates its own policy and establishes its own rule to the effect that the regulation and taxation of the insurance business shall continue in the several states.

FTC AMENDMENT

2. An appropriate amendment to the federal trade commission act eliminating the insurance business from the scope of that act. We base this recommendation upon the following considerations:

The several states are already empowered by law to deal with improper practices. To permit the federal trade commission to exercise the same power would mean either duplication or overlapping of the same functions. Furthermore, in view of the present trend to expand the area of what constitutes interstate commerce, the federal trade commission might well preempt this field to the exclusion of the states. The public interest requires that wherever possible the functions of government be exercised by that unit of government closest to the people. In this instance it is manifest that the insurance departments of the various states are far closer to the problem and better able to serve than a detached central bureau.

Robinson-Patman Act

3. An appropriate amendment eliminating the insurance business from the scope of the Robinson-Patman act. We base this recommendation upon the following considerations:

(a) The Clayton act, as amended by the Robinson-Patman act, by its language is intended to apply to commodities. Recourse to the Congressional debates preceding its enactment shows that it was never intended to apply to the insurance business. Indeed, this recommendation is made from an excess of caution to prevent a strained construction of the word "commodities" in the act to include insurance.

(b) One provision of the Clayton act as amended by the Robinson-Patman act prohibits the payment of commissions to a broker, a practice long recognized in the insurance industry. It is manifest that Congress never intended to bar the payment of commissions under such circumstances.

4. An appropriate amendment to the Sherman and Clayton acts (which are regarded as non-regulatory) excluding from the prohibitions thereof all reasonable cooperative procedures necessary and incidental to the establishment of statistical rate bases, rates, coverages and related matters. We base this recommendation upon the following considerations:

Anti-Trust Objective

The objective of the anti-trust acts is that competition shall be free and unfettered. The courts have said that agreements to fix prices, no matter how benevolent or well intentioned, are illegal per se. Experience has demonstrated that unrestricted competition in the insurance business is not in the pub-

lic interest. Practically every state in the Union has upon its statute books provisions prohibiting unfair discrimination in rates. If unfair discrimination is to be avoided, there must be reasonable uniformity in the rates. Such uniformity can be obtained only by cooperation in obtaining statistical data and in the promulgation of rates based thereon. This result can be obtained only through concert of action.

The fire, casualty, surety and inland marine aspects of the insurance business differ widely from life insurance. In life insurance gross rates are based upon a number of factors, including mortality tables. Mortality tables are based upon the certainty that everyone must die; the time of death is the only uncertainty. In the other fields of insurance there is no guarantee that the contingency insured against will occur at all. As a result rates in these other fields can be estimated with a lesser degree of accuracy. Since rates in these other fields are based upon the law of averages it is manifest that the broader the statistical base the more accurate the average. The experience of individual companies is seldom a reliable guide for rate-making purposes. The structure of the fields of insurance under discussion is based upon these facts of common knowledge. Furthermore, many states have by statutory enactment insisted that companies act in concert for the purpose of collecting statistical data for rate making in these other fields in order to utilize these established principles—principles we may add, which are wholly inconsistent with the unrestricted competition contemplated by the federal anti-trust laws. For clarity we point out that in so-called rate regulated states the statutes provide that the rates shall be neither excessive, inadequate, unfair or unreasonable, and appropriate provision is made for deviation from the rate structure for companies showing a justification therefor.

Further Distinction

There is a further distinction between life companies and other types of insurers. In the life companies the element of cost can be fixed with such a high degree of mathematical certainty that to sell below the proper rate is to invite insolvency. In other lines of insurance there might be a temptation to upon the part of some underwriters to assume that the contingency insured against will not occur. This has been known to result in inadequate rates and eventual insolvency or sharp claim practices. It is the function of the various state insurance departments to prevent these consequences which might happen if the open competition contemplated by the anti-trust acts were permitted.

Furthermore, history has demonstrated that under unrestricted competition small enterprise is at a serious disadvantage. Under cooperative rate-making methods the small insurance company is in a position to maintain its competitive standing, a result which by its very nature supports the continued existence of small companies and new insurance enterprise. For these and other reasons this sub-committee believes it would be a mistake to permit or require the unrestricted competition contemplated by the anti-trust laws to apply to the insurance business. To prohibit combined efforts for statistical and rate-making purposes would be a backward step in the development of a progressive business. We do not regard as necessary to labor this point any further because Congress itself recently recognized the necessity for concert of action in the collection of statistical data and rate making when it enacted the District of Columbia fire insurance rating act.

Oppressive Practices

The action of the sub-committee in making this recommendation should by no means be construed as condoning any oppressive or destructive practices. It is obvious that any such practices are not in the best interests of either the insurance industry or the insuring public. We therefore recommend the immediate enactment of remedial legislation to accomplish the recommendations hereinbefore set forth. Failure to provide such immediate legislative relief will be contrary to the best interests of the American people and the insurance industry.

These recommendations if enacted into law (a) will stabilize the industry, as a consequence of which the public will gain; (b) will reduce possible conflicts between the sphere of federal influence and state regulation; and (c) will enable insurers to perform their necessary public functions.

Legislative Relief

In any business as large and as complicated as insurance, it is manifest that no legislative program can meet every conceivable contingency or development which may materialize. We have not been unmindful of that fact in making the foregoing recommendations. Fundamentally, they are designed to provide a framework upon which immediate legislative relief may be obtained.

The sub-committee also recommends:

(a) The continuing and progressive development of the existing system of state regulation.

(b) That the insurance commissioners of the several states recommend that their respective attorney generals give favorable consideration to the submission of briefs amicus curiae in support

Fire Chief Head on Post War Losses

GRAND RAPIDS, MICH. — High fire losses are likely to continue throughout the nation for a decade after the war, according to Chief Baker, Lewistown, Mont., president of the International Association of Fire Chiefs, who is presiding at the annual convention here.

Valuable mercantile stocks and unfinished materials, in storage after war contract terminations, and considerable idle manufacturing machinery were viewed as something of a fire menace by Chief Baker who noted the bad record following World War I. He said widespread use of highly inflammable materials, such as magnesium and butadiene, in industry would augment hazards.

Resumption of Heavy Loss Period

During the immediate reconversion period, he indicated, there probably will be a temporary reduction in losses, with a resumption of heavy loss experience as industry gets back into stride on peacetime production. He noted that the current loss record in excess of \$400,000,000 annually is the worst in a decade. He said depleted manpower and lack of adequate equipment in city fire departments is in part responsible for the current bad showing, in addition to the other factors particularly noticeable in wartime, such as large and valuable inventories, negligence due to pressure for production, and carelessness in handling of inflammables.

Agnes Murphy's New Post

Miss Agnes Murphy has been appointed assistant secretary to Leo B. Gribble, secretary of the Missouri Fire Underwriters Association at Kansas City.

She was formerly assistant to the Illinois Field Club secretary and for two years was in the Chicago office of Aetna Fire. She is a sister-in-law of Herb Johnson, state agent for Aetna Fire in western Missouri.

Sweeney with Weghorn Agency

NEW YORK—Vincent W. Sweeney, for 12 years inland marine underwriter of Home, has joined the John C. Weghorn agency here, as marine department manager in charge of production. The agency plans to increase its marine facilities for brokers. Mr. Sweeney was with the Home for 20 years in various divisions of the marine department.

McHale to Address Women

The St. Paul Association of Insurance Women will resume fall meetings on Sept. 12. John G. McHale, New York Underwriters will talk on "Small Lines Usually Overlooked."

W. C. Paine, Los Angeles, has purchased the agency of R. E. Johnson & Co.

A number of other matters were brought to the attention of the sub-committee such as an approach to the general problem by means of a constitutional amendment as well as the subjects of joint stock ownership and interlocking directorates. The subcommittee did not have an opportunity to examine these matters sufficiently to express definite conclusions at this time. However, the subcommittee will continue to explore these and other relevant subjects.

Policy

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Policy and Course of Action Established

(CONTINUED FROM PAGE 1)

ment that the states are fully equipped to put a stop to any practice that might be regarded as objectionable and violative of the federal anti-trust laws; that the anti-trust acts should be amended outright and the states given an opportunity to decide whether reforms are needed; that if the states fail to act and Congress still feels that some federal policing is desirable, Capitol Hill can pass an enactment specifying what insurance procedures are to be prescribed. He contended that under the commissioners' proposal, it becomes the responsibility of the commissioners and the industry to specify what procedures shall have federal blessing and that it will be exceedingly difficult to get up a satisfactory recital. However, the commissioners finally decided to stand on the Graves report on this question and Mr. Berry at the end gracefully accepted the verdict, saying that his branch of the industry was grateful for the opportunity to be heard and will cooperate with the commissioners.

Constitutional Amendment

Another question that was discussed at length was whether to advocate a constitutional amendment putting insurance out of bounds for Washington. O. P. Lockhart, Texas life insurance commissioner, was the most aggressive advocate of such a proposal. E. C. Stone, U.S. manager of Employers Liability, representing the Association of Casualty & Surety Executives, expressed the belief that such an amendment would be desirable if it could be secured and he and R. E. Dineen, New York superintendent, engaged in a sparkling colloquy on the subject. Mr. Dineen asked whether Mr. Stone would favor a constitutional amendment if in every state there was a system of rigid rate regulation and an exacting insurance code and if every insurance commissioner were aggressively enforcing the law to the letter. Mr. Stone got out of the corner by asserting that his position is that the average of state supervision is superior to what could be expected at Washington and that if any commissioner pursues an eccentric course the chances are he will be influenced by the other commissioners and will get on the beam.

REFERENCE ADDED

There was much difference of opinion both as to the desirability of seeking a constitutional amendment and as to the feasibility of such a program. The original Graves report made no mention of such an amendment but the executive committee added a paragraph, stating that this is one of the subjects that is being given attention.

Approaching Congress

The question now is when and how to approach Congress in furtherance of a legislative program. There are many practical problems of legislative technique involved and these will have to be resolved by the joint committee that will be set up. For one thing the commissioners agreed that the work shall go ahead immediately as an evidence that the program is being offered in good faith.

If there should be a delay at this time, the suspicion might arise that the November election outcome is a consideration. Throughout the deliberations there has been a complete absence of considerations of party politics.

What effect this formal action will have on the fortunes of the Bailey bill remains to be seen. While the commissioners program if translated immediately into legislative action would be a blow to that bill there is no desire to put an obstacle in its path. Probably it can be said that both the commissioners and the industry would like to

see the Bailey bill passed as it stands. Those that won the day for only qualified amendment of the anti-trust laws seem to be fearful that out of the S.E.U.A. case may come something that can be contrived for political purposes at any rate as malodorous and for the commissioners to endorse legislation legalizing such procedures would be awkward. Also there is the belief that the Bailey bill would be vetoed by the President and that it could not be passed over a veto.

Fire Companies Gain Ground

It appeared that in defeat before the commissioners on the Bailey bill matter the stock fire people had gained much sympathy on the part of the commissioners and other industry groups.

The deliberations leading up to the formal action constituted real democratic drudgery. The commissioners and the industry people that have had the matter at heart have devoted days and nights to wearisome sessions at which every conceivable shade of opinion was expressed. There has been intense, intelligent, realistic debate. Party politics has been taboo. Competitive business considerations have been absent. For instance A. V. Gruhn, general manager American Mutual Alliance, at times, has advanced the most cogent arguments in favor of the stock fire company position. Opinions that seemed compelling at one moment were swept out by conflicting opinions that tipped the scales their way. It has been a genuine senate of insurance. Some day when the immediacy of the problem has vanished the record of the proceedings will make interesting reading and one of which the industry and the state officials can be proud.

At St. Louis the meeting got under way early Monday morning. After a brief open meeting at which the Graves report was distributed under the seal of secrecy for the time being, the press was put out. Some of the industry groups wanted to be heard individually before the commissioners, but Chris Gough of New Jersey insisted that the sessions be open, so that one group could hear the arguments of the other.

The debate ran all day Monday and throughout Tuesday until 7 p.m. Some of the commissioners remained over Wednesday to continue the discussions on the next steps to be taken.

The commissioners attending were Johnson, Minnesota, president; McCormack, Tennessee, vice-president; Scheufler, Missouri, chairman executive committee; Larson, Florida; Erickson, North Dakota; Fraizer, Nebraska; Parkinson, Illinois; Dineen and T. J. Cullen, New York; Gough, New Jersey; Viehmann, Indiana; Harrington, Massachusetts; Neel, Pennsylvania; Thompson, Oregon; Carroll, Rhode Island; Read, Oklahoma; Allyn, Connecticut; Hodges, North Carolina, accompanied by Robert H. Wettach, dean university of North Carolina law school and chairman insurance code revision committee of North Carolina; A. S. E. Barnett, secretary Louisiana Casualty & Surety Rating Commission; White, Mississippi; Graves, Arkansas; Lockhart, Texas.

Expressions of approval of the report and pledge of cooperation were officially given in open session in behalf of the Life Insurance Association of America and American Life Convention; stock fire interests, stock casualty, American Mutual Alliance, National Fraternal Congress and reciprocals.

While what came to be familiarly known as Point No. 1 was officially endorsed the feeling was general that such legislation may be exceptionally difficult to secure and might have little standing in a court test should it be enacted. This is the proposal for a law declaring it is the intention of Congress to leave insurance regulation and taxation to the states. However it is the

one feature of the program that is specifically designed to save premium taxes for the state. Those taxes would not be placed beyond challenge by any of the exemption amendments. The commissioners are expressing the greatest concern on the score of taxation.

American Automobile supplied tickets for the night games of the St. Louis Cardinals Sunday, Monday and Tuesday and many of the state officials and camp followers enjoyed that relaxation. Carlton Hines and R. Z. Alexander, vice-presidents, were on hand for that company.

H. Phelps Smith of Nashville, secretary National Association of Surety Bond Producers, declares that the statement in THE NATIONAL UNDERWRITER last week was incorrect to the effect that his organization has gone on record with the Graves committee as favoring federal supervision of insurance unless countersignature law requirements of the various states are corrected. The association, Mr. Smith states, has not gone on record as favoring federal regulation of insurance.

Hold Successful Annual Parley

(CONTINUED FROM PAGE 5)

cident, said. Progressive agents will find splendid possibilities for business development and income in the accident insurance.

Increases in accident and health premiums for the first six months of 1944 run from 15 to 50%, he said. Based on that percentage of increase for the balance of the year the premium volume will run well over \$400 million. Only compensation premium income is greater. He asked if fire and casualty lines are showing an increase of 15 to 20% this year.

With accident insurance sales, agents develop a closer and more personal relationship with clients, he said. Agents pay claims. He suggested that they concentrate, perhaps, on a reimbursement policy. He also urged them to carry accident applications with them at all times.

The coverage is not hard to grasp, he said, if the agent takes the time to grasp it. Agents have a lot of good accident prospects on their books they should see, he said.

Fred A. Moreton, president of the National association, said that there is an awakened consciousness of the threats which still exist to the welfare of the American agent and the American agency system, and in this is the soundest safeguard for the future.

Following adjournment members played golf and the ladies played bridge. All attended a supper party later in the evening. Tuesday's opening session was called to order at 10 a. m. by Retiring President Ralph D. Callister of Salt Lake. President Moreton read a telegram he had just received from the secretary of the Ohio association of 1145 members saying the board of trustees had authorized application for reaffiliation. Loud applause greeted the announcement.

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Bureau discussed "New and Broader Forms."

"Aviation Insurance and its Future" was the title of an interesting address by Harry H. Rowlands, San Francisco, special agents of Aero Insurance Underwriters. The future of aviation is unlimited, he said. As the business develops so do the insurance prospects and as the prospects develop so do new commissions to the local agent.

A resolution was adopted calling for continued regulation and supervision of insurance by the states, and favoring adequate federal legislation divesting insurance of its character as a subject of interstate commerce.

The convention closed with a dinner dance.

Blackburn's Background

Wm. J. Blackburn, the new president of the Utah association, was born in Kentucky, raised in Chicago, and has been a resident of Ogden for the past 25 years. Prior to entering the real estate and insurance business 20 years ago, he was a public accountant and spent several years in the advertising business. At Ogden he has built about 200 homes, and is a past president of the Ogden Real Estate Board. He has always taken an active interest in insurance association work, and has been president of the Ogden association.

Prenner, N. D. Actuary Joins Fargo Life Company

M. R. Prenner, who has been actuary of the North Dakota department for many years, has joined Western States Life of Fargo, N. D., as actuary. He was in St. Louis this week for the meeting of the insurance commissioners.

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INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Plan for Kansas Agents' Meeting

Plans for the one-day annual convention of the Kansas Association of Insurance Agents Oct. 19 in the Broadway hotel, Wichita, are shaping under direction of Bryon C. Chapell, general chairman. A pre-convention stag smoker and open house will be held the evening of Oct. 18, and probably a buffet-supper.

Sub-committees are: Hotel reservations and registration, Max Staley, Brown, Ginsel & Co.; floor and attendance, C. K. Foote; banquet and luncheons, L. P. Crawford, Wheeler, Kelly, Hagney; smoker, J. H. Burns, Jr., Harris, Burns & Co.; program, T. E. Welch, Wheeler, Kelly, Hagney; publicity, Robert Elwell, Noble agency.

Company and field men will be welcomed to all sessions. The general program is in charge of George Stoskopf, Baxter Springs, vice-president Kansas Association. Dorth Coombs, Anderson-Coombs Agency, president-elect Wichita association, will preside initially and then turn the meeting over to Urban Brown, Warren Mortgage Co. agency, Emporia, state president.

The annual golf tournament will not be held this year. The Wichita Association of Insurance Women and Blue Goose Auxiliary will be welcome at the banquet as well as day sessions.

The Frank T. Priest cup for the local board which has made the most outstanding year 'round contribution to its community in public relations and service, and the Rosse Case memorial cup to the individual member who has made the most outstanding record in fire prevention in the year will be awarded.

Iowa 1943 Fire and Casualty Results Are Reported

DES MOINES—Mutuals and reciprocals wrote 56.88% of casualty business and 47.18% of fire business in Iowa last year the Iowa department reported. The mutual and reciprocal casualty business was slightly under the 57.41% of the previous year while fire business was slightly more than the 46.80% of 1942.

All casualty business written last year amounted to \$18,583,000, compared to \$18,662,830 in 1942. Total premiums by all fire companies amounted to \$24,415,298 as compared with \$22,044,784 in 1942.

Total casualty losses were \$5,957,765 compared with \$6,874,104 in 1942; fire losses \$12,775,084 against \$10,477,808 in 1942.

Mutuals and reciprocals wrote \$10,392,937 business and had losses of 62.91%. Stock companies wrote \$7,360,695 net casualty premiums, and their losses were \$2,010,270 or 33.75% compared to 35.93% the previous year.

Mutuals and reciprocals wrote \$11,520,156 of all the fire business compared with \$10,317,556 in 1942, losses \$6,669,012, or 52.21% increase from 44.63% in the previous year. Stock fire companies wrote \$11,886,923 or 48.69% of the business; losses \$5,667,561, or 44.36% compared with 50.35% in 1942.

East St. Louis Fire Damage

Fire did considerable damage to stores and other establishments in the 100 block on St. Clair street, East St. Louis, Ill. The blaze started in the Harper Brothers stable owned by George F. Michael. There was \$10,000 insurance and the loss is considered total. Central of Maryland, Caledonian and the New England Fire were on the risk. The Kling & Esroch store suf-

fered almost total loss with \$12,500 insurance. The Drovers hotel sustained a small loss. The St. Clair Milling & Seed Co., with \$7,000 insurance, suffered an almost total loss. Mechanics & Traders and Home were on the risk. The Isaac Cohen store with \$5,000 insurance suffered a serious loss.

Additional Speakers for Michigan Agents' Detroit Meeting Scheduled

DETROIT, MICH.—Maxwell Halsey, executive secretary state safety commission, will discuss a pedestrian accident prevention program to be staged in October at the annual meeting of the Michigan Association of Insurance Agents here Sept. 8. A fire protection and prevention plan and Fire Prevention Week also will be discussed by the agents at the fire and accident prevention committee's breakfast session. Headquarters will be the Book-Cadillac hotel.

Special guests will include Gov. H. F. Kelly, Mayor Edward Jeffries of Detroit, Commissioner D. A. Forbes of the Michigan department, and Commissioner O. G. Olander of Michigan state police.

Commissioner Olander is to meet with the executive committee prior to the general session to outline plans for expansion of his department and inauguration of a program of rural fire prevention and protection.

The George Brown trophy memorializing the association's veteran secretary who died several years ago, will be presented at the general session to the local board deemed to have conducted the best program of education and civic activity in the year. President A. R. Schorer has designated as a committee to choose the prize-winning board R. W. Wolf, Raymond & Raymond agency, Detroit; Martin Mullally, Muskegon, a past president, and S. W. Doty, Grand Ledge. Ironwood won the award. The only other association to win it was Kalamazoo.

Wichita Agents Annual Meeting

A number of insurance women attended the annual meeting of the Wichita Association of Insurance Agents. President-elect Dorth Coombs, of the Anderson & Coombs agency, presided. C. J. Slawson of Dulaney, Johnston & Priest is retiring president. Byron S. Chapell, was appointed general chairman for the annual convention of the Kansas association Oct. 18-19 in Wichita. Plans for the convention were discussed at a meeting of the executive committee. C. W. Jamison, Wichita business man who spent 14 months in Persia with the 516th quartermaster truck company, gave a talk on his experiences.

Question Lightning Rods

MINNEAPOLIS—The value of lightning rods in protecting buildings was raised by Minneapolis school officials after lightning struck five school buildings in one night. Some of them were equipped with rods and the Fire Underwriters Inspection Bureau was asked about the value of rods. Bureau officials replied that while a properly rodged building is less likely to be struck, rods do not give absolute protection.

Indianapolis Board Outing

INDIANAPOLIS—The Indianapolis Insurance Board held a well attended annual outing at the Indianapolis Country Club, with golf, swimming, dinner and dancing. Prizes were awarded

in the golf matches. Dwight Pearce was chairman of the social committee and Joseph W. Stickney, secretary-treasurer, handled many details. L. G. Gordner, president, presided at dinner.

Sherry Elected in Lansing

LANSING, MICH.—Charles Sherry, Hacker-King-Sherry agency, has been elected president of the Lansing Association of Insurance Agents. He succeeds Ray Waller, who becomes executive committee chairman. Other new officers are: Vice-president, C. E. McBride, Ammon-McBride-Moore agency, and secretary-treasurer, Harry LeBuda.

Two Large Missouri Fires

Fire did approximately \$50,000 damage to the Gem Theater, 8840 St. Charles Rock Road, St. Louis county. The theater was owned and operated by Henry J. Holloway.

The leather goods factory at Doman, Mo., operated by Denver M. Wright, St. Louis was destroyed by fire. The loss was estimated at \$75,000.

\$50,000 Freight House Fire

ST. LOUIS—The Missouri Pacific Railroad freight dock on Cerre street was damaged by fire. The loss is estimated at around \$50,000 to the insurers, including \$10,000 to the building, \$25,000 contents and about \$15,000 on three freight cars which were loaded with airplane parts. There will be considerable salvage on the latter.

Minneapolis Meeting Sept. 11

MINNEAPOLIS—The annual meeting of the Minneapolis Underwriters Association has been set for Sept. 11. The conspiracy action in federal court now set for hearing Oct. 21 will be considered.

Big Crowd for Peoria Outing

The Peoria, Ill., board's annual outing last week was attended by about 75, including more than 25 field men. The affair consisted of golf, games and dinner.

NEWS BRIEFS

Fall activities of the St. Paul Association of Insurance Women will get under way Sept. 12 with a dinner meeting.

The John C. Talbott agency, Columbus, O., has purchased the H. C. Sandridge agency there. The E. O. Davies agency was added by the Talbott firm in June.

Maurice P. Hay and Matthew Connors have opened an insurance agency at 4249 South Kingshighway boulevard, St. Louis, under the name of Hay-Connors Realty Company.

Wichita Association of Insurance Women is resuming its "study club" for the third year on Sept. 11, taking up a

Schieble Retires from Old Dayton Agency

Ben B. Schieble has retired after almost 50 years association with Schieble Brothers agency at Dayton. The agency was established in 1875 by John Schieble, his brother.

The business, which has been left to the employees, is being managed by S. McLaren. John Schieble gave up active participation in the business in 1880 and his brother Ben took over. In 1885 his brother Frank joined the agency and continued until his death in 1932.

The Schieble brothers handled steamship tickets for years as well as insurance. Ben Schieble was the first certified public accountant in Dayton.

course on boiler and machinery with Andy Ambrosia, Wheeler, Kelly, Hagney Agency as director. Following this, L. T. Stubbs, agency director Central States Fire, will conduct the 20 hour fire insurance course.

C. H. Merriweather, Viola, Kan., local agent, was elected vice-president and J. J. Butterfield, Derby agent, was re-elected treasurer of the Sedgwick County Bankers Association. Meetings of the Hutchinson Association of Insurance Agents will be resumed Sept. 12.

The Hutchinson Association of Insurance Women is resuming its regular meetings in September.

SOUTH

Texas Agents Call Attention to Loss Situation

DALLAS—The rates and forms committee of the Texas Association of Insurance Agents has called the attention of the Texas insurance board to a competitive situation arising among companies in settlement of losses on fences and outbuildings on policy contracts having effective dates prior to June 1 when the new Texas standard fire policy became effective. Some older policies carried specific insurance on fences and outbuildings amounting to less than 10% of total amount on dwelling. The new Texas policy says "not exceeding 10% of the insurance on a dwelling may be applied, unless otherwise specifically insured, on fences, walks, private garages, servants' houses, and, if used solely in connection with the occupancy thereof, other outbuildings, except when on farms, on the premises of the dwelling."

Some companies in settling such losses are considering the specific insurance transferred to the dwelling providing it does not exceed 10% of the dwelling insurance and other companies are settling on the amount specified in old policies for fences and outbuildings. The Texas association feels there should be uniformity in loss payment by companies and no competitive situation.

In using the new policy agents are not writing specific insurance on fences and outbuildings except outbuildings having unusually high values exceeding 10% of insurance on dwelling.

Similar confusion is resulting from losses under old policies which carried an unexpired premium endorsement. Some companies are considering transferring to the properties involved the amount for which they would otherwise be liable under the endorsement.

Take Texas for American States

Walter Myers, Jr., and Frank Harrison, partners in the Dallas general agency of Myers & Harrison, were in Indianapolis last week completing arrangements to take over management of all casualty lines in Texas for American States. On their return to Dallas they stopped off at Chicago, to visit with F. J. Pocquette, western field representative of the Meserole group which Myers & Harrison represent in Texas for fire business.

Mr. Myers has been in the southwest field for a number of years and Mr. Harrison was for a number of years vice-president of Trinity Universal in charge of casualty and automobile business.

Hear Rodgers at Nashville

NASHVILLE—The Tennessee Association of Insurance Agents adjourned its quarterly session to join with the Nashville Insurance Exchange and field men in hearing an address by Wallace Rodgers, executive assistant National Association of Insurance Agents. President C. P. Edwards Jr., Kingsport, an-

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nounced appointment of Russell Briscoe, Knoxville, as chairman of the public relations committee, and Joe Bandy, Nashville, as chairman of the legislative committee. Some action on the compensation rating plan is expected by the directors since a counter proposal by Tennessee agents has been rejected.

Oppose Cooperative Plan

NASHVILLE—R. T. Cawthorn, secretary-manager Tennessee Association of Insurance Agents, will attend a meeting in Memphis Sept. 14 of business and industrial leaders who are opposing the establishment of a network of tax-free co-ops in southern states, to be known as Southern Consolidated Cooperatives. Local exchanges at Memphis, Jackson, and other cities plan to send representatives.

Sherman Heads Augusta Board

AUGUSTA, GA.—The Augusta Board of Fire & Casualty Underwriters has elected the following officers: President, Ernest L. Sherman; vice-president, Stewart P. Phinizy; secretary-treasurer, Miss Georgia Mangrum; new executive committeemen, Henry M. North, Jr., Robert Walton, John L. Armstrong and H. B. Taylor.

Birmingham Fire Loss Is High

BIRMINGHAM, ALA.—Fire losses here Jan. 1-July 1 were more than in all of 1943, Fire Chief Alf Brown reported.

Total in 1943 was \$493,894 and in the first six months of 1944 \$528,894. Inability to obtain insulating materials for wiring, and other fireproof materials, were two prominent causes of the high fire record, he said.

NEWS BRIEFS

Thomas L. Cockrell, executive director of the Richmond, Va., Housing Authority, was resigned to become associated with the Baker-Moore general agency in Richmond.

It is reported that Robert O. Norris, Jr., state senator of Lively, will be named to the Virginia corporation commission.

Francis Calhoun has retired from the Blanchard & Calhoun Agency, Augusta, Ga., George C. Blanchard now being sole owner. John R. Hall is in charge of the insurance department.

Buchanan Realty Corporation, Grundy, Va., has been incorporated. A. B. Richardson is president.

Perry Pipkin, A. E. Pipkin & Sons, Memphis, has been awarded the legion of honor award of the Grand Council of DeMolay at a public ceremonial at the local Scottish Rite Cathedral.

Jess G. Smith, Fireman's Fund, Jonesboro, Tenn., is chairman and J. A. Summers, Summers-Speed Agency, Johnson City, Tenn., a member of a committee appointed to secure \$50,000 toward the construction of a \$100,000 War Memorial Building at Jonesboro.

W. Dudley Gale, Gale, Smith & Co., Nashville, has been reelected vice-president of the Tennessee State War Fund Committee and director of the Nashville Citizens Civil Service Corps.

tor; "Business Law" on Thursdays; "Principles of Accounting" on Wednesdays, Prof. Howard S. Noble, instructor; and "Business Finance," details to be arranged.

New Dwelling Form in Oregon and Idaho

The new dwelling and contents form has been adopted in Oregon and Idaho, under the same form as in Washington and in states in other parts of the country. In announcing the change, the Oregon Insurance Rating Bureau recommended that subscribing companies interpret outstanding policies as covering under the terms of the new form as of Sept. 1. Commissioner Thompson stated that the insurance department would consider each company to have adopted this recommendation unless a statement to the contrary is filed with the department. It is not expected that any companies will refuse to follow this recommendation.

The new form is effective in Idaho as of Aug. 15 and the Idaho Surveying & Rating Bureau made a similar recommendation as to outstanding policies. The bureau also cautioned companies and agents to note the exclusion of permission for mercantile and manufacturing operations in dwelling risks and recommended that use of the form not be attempted on risks with these occupancies.

The first change was made Aug. 14, when the new dwelling and contents form was authorized, and the second Aug. 23. In the meantime, a number of offices had revised special hazard and other specially drawn forms and distributed them, at considerable time and expense, so the reversal, which was accompanied by no explanation, has caused some criticism here.

The bureau also announced the abandonment of the rule for a 100% increase in premium to extend rent and other "time element" policies to cover aggravation of loss caused by government restrictions on rebuilding, applicable to dwelling class risks and lines with a rate of 10 cents or less. These risks may be reduced to the normal rate pro rata, as of Aug. 23, the announcement states.

With Los Angeles Agency 50 Years

LOS ANGELES—Mrs. Elsie S. Kelsey on Sept. 1 will celebrate her 50th anniversary as an employee of the R. B. Stephens & Co. agency.

For 15 years she was the sole employee of the agency. Mr. Stephens was the first president of the Los Angeles Insurance Exchange and at the time of its organization she was his secretary. With the merger of R. B. Stephens & Co. and Wren & Van Alen in 1940, Mrs. Kelsey continued with Wren & Van Alen, handling the R. B. Stephens division.

In 1942 she was presented a watch by the Merchants & Manufacturers Association for the longest record of service with one employer, having at that time been in the employ of Mr. Stephens for 48 years.

Washington Reinstatement Rule Limited to Dwellings

SEATTLE—The Washington Surveying & Rating Bureau has withdrawn its recent rule permitting automatic reinstatement of losses on all policies up to \$250 per policy and substituted a rule permitting the \$250 limit on property in the dwelling class only, with the old limit of \$100 automatic reinstatement applying to other risks.

Endorse Senator McCarran

RENO, NEV.—Preliminary to the annual meeting here on Sept. 9 at the Riverside hotel, the Nevada Association of Insurance Agents has sent a letter to its members practically endorsing the candidacy of U. S. Senator McCarran. Mr. McCarran spoke before the Nevada

PACIFIC COAST AND MOUNTAIN

Montana Agents Ready for Annual Convention

The program for the annual convention of the Montana Association of Insurance Agents at the Hotel Placer, Helena, has been completed. The convention opens Sept. 11 at 9:30 a.m. with President H. O. Morgan of Glasgow in the chair. In the opening ceremonies Chauncy Fowler, Lewistown, Matt Kelly, Anaconda, and Peter Yegen, Jr., Billings, past presidents; Mayor Haytin, and Secretary Arnold Huppert of Livingston will participate. The president, secretary-treasurer and vice-president will report. Regional directors who will make brief presentations are C. P. Callaghan, Butte; Paul O. Nilson, Billings; A. D. Walsh, Glendive; Louis LaRoche, Malta; Stanley Snyder, Havre, and Frank Grady, Missoula.

Guy Landes to Speak

Guy Landes, Tulsa, member of the executive committee of the National association, will give an address. Matt Kelly will give the report of the fire insurance contact committee, and George R. Miller, Helena, the report of the state and public business committee. Neilson K. Masten, manager of northwest service office of Aero Insurance Underwriters, will discuss "Opportunities in Aviation Insurance."

The afternoon of Sept. 11 Peter Yegen, Jr., will give the report of the public relations and educational committee; Chauncy Fowler the report of the rural agents committee, and K. W. Haviland, member of the rural agents committee of the National association, Deer Lodge, his report. E. G. Toomey, attorney, Helena, will discuss "Free Enterprise." P. J. Driscoll, Butte, state national director, and Fritz Norby, Great Falls, chairman of the casualty contact committee, will give reports. George W. Kemper, manager of the accident and health department of Fireman's Fund Indemnity at San Francisco, will present an address, "Pass the Ammunition." There will be

golf in the afternoon and dinner that evening.

On Sept. 12 there will be an open forum for members only in the morning. In the afternoon H. F. Badger, executive secretary of the Pacific Board, will discuss farm insurance, and Frank J. Agnew, public relations officer of the National Board at San Francisco, "Federal Legislation."

Seek to Clarify License Exams in California

LOS ANGELES—Clarification of the scope of and procedure in regard to agent's license examinations is being considered in discussions now going on between representatives of various insurance organizations and the California insurance department. The need for modernization arises from an utter lack of official study material for applicants to acquire the necessary knowledge to qualify a man to pass the examination for licensing required by the insurance code.

It is hoped that the outcome will be the compilation and issuance of a manual by the state insurance department for study by license applicants and which will be sold by the department to the applicant.

It is proposed that the manual be in loose leaf form, with sections for each classification, so that it can be kept up to date as changes occur.

Plan Los Angeles Courses

LOS ANGELES—Classes for prospective insurance broker's license applicants will be held at the University of California, extension division, Los Angeles, from Sept. 18 to Dec. 21. Walter W. Bennett, Bennett-Warner Co., will be the instructor.

The Insurance Exchange of Los Angeles will sponsor the American Institute course, for the C.P.C.U. degree. During the first semester "Insurance Principles and Practices," will be given on Monday evenings with Mr. Bennett as instructor. "General Education: Principles of Economics" will be given on Monday evenings with Associate Professor Marvel M. Stockwell as instructor; "American Institutions" on Fridays, Vincent Ostrum, instructor; "Correct Writing and Speaking" on Thursdays, Mrs. Clare S. Seay, instruc-



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insurance men two weeks ago and showed such a thorough knowledge of the U. S. Supreme Court insurance decision and the Bailey bill that the Nevada association's executive committee felt that Mr. McCarran should be supported despite any political affiliation.

Portland Trustees Named

PORTLAND, ORE. — Five new trustees have been named by the Portland Association of Insurance Agents: C. A. Thomassene; Jack Rivenburgh, Durham & Bates; Fred C. Reed, Harvey Wells-Reed Agency; Walter J. Kroder, Van Fridagh, Effinger & Co., and Stanley N. Boquist, Boquist & Clark. The trustees elect the new officers.

Entertain Convalescents

SAN FRANCISCO—At its installation party on Aug. 31, the Insurance Post 404, American Legion will entertain 200 convalescent soldiers, sailors, marines and coast guardsmen. A feature of the evening will be presentation of "This Was the Army," written and produced by Sig Arndt and Earle Wright.

Commissioner Garrison of California has denied the application of Samuel L. Goodfriend, Los Angeles, for a license as

a disability agent following a hearing. Louis N. Shapiro, Los Angeles, had his broker's license suspended for 10 days.

V. B. Billingsley has joined Charles W. Sexton Company, Portland, Ore. Prior to going to Texas a year ago he was with the Claude Nasburg agency in Marshfield.

Glen B. Austin, Los Angeles broker had his license suspended by Commissioner Garrison for five days for violation of the insurance code.

EAST

Pa. Field Man Has Chart for Computing Rate Adjustments

WILKES-BARRE, PA.—S. B. Illingworth, state agent Aetna Fire here, has compiled a rate chart illustrating the general fire rate reduction going into effect in Pennsylvania Sept. 1. The chart shows what short rate percentage of the old premium and what pro rate percentage of the new premium should be charged in changing old one and three year policies to the new rates as of Sept. 1. Accompanying the chart is a table showing the time policies written at any date since Sept. 1, 1941, have been in force as of Sept. 1 of this year, at 15-day intervals.

The chart should be a great time

saver for any office. Mr. Illingworth says that any agent who wishes may have one without charge. His address is 701 Deposit & Savings Bank building, Wilkes-Barre.

Study to Be Made of Cover on Baltimore Property

BALTIMORE—A committee of five insurance men has been appointed by Howard E. Crook, city comptroller, to make a study looking toward possible revision of the method of handling Baltimore's fire insurance. The committee consists of Guy T. Warfield, Jr., vice-president of Warfield-Dorsey Co., chairman; Presley D. Bowen, president of Poor, Bowen, Bartlett & Kennedy; Jacob Gross, member of the firm of Post, Gross, Cunningham & Coale; Charles H. Roloson, Jr., president of Central of Baltimore, and Harry F. Ogden, president of Fidelity & Guaranty Fire.

Of the city's \$69,000,000 of fire insurance, \$21,000,000 is carried by fire insurers on what is considered high-risk property, and the remaining \$48,000,000 is covered by a municipal insurance fund of approximately \$700,000 which is invested in U. S. Treasury 2½% bonds.

The committee has been asked to look into the possibility of having a lower rate established for the coverage carried by the insurers and the advisability of using the interest on the \$700,000 city insurance fund to purchase insurance for the \$48,000,000 of low-risk property now covered by the municipal insurance fund.

Another point on which the committee has been asked to investigate is the possibility of having the number of policies, of which there are now some 900, reduced by means of blanket coverage.

Middle Department Minimum Tariff on Stores Limited

PHILADELPHIA—The Middle Department Rating Association has amended the minimum tariff rules for stores to provide that only a single commercial occupancy is contemplated at the minimum tariff rates. One additional commercial occupant may be permitted, at a loading of 5 cents, provided the total floor area for sales and storage purposes, by one or two commercial occupants, exclusive of basement storage space, does not exceed 2,500 square feet.

Maryland Convention Nov. 16

BALTIMORE—The annual convention of the Maryland Association of Insurance Agents will be held at the Hotel Belvedere here Nov. 16. It will be a one-day business session with a dinner in the evening. Directors will meet Nov. 15 and the newly elected board will have its organization meeting at breakfast on Nov. 17. H. Merrill Walters, Pocomoke City, is president of the association.

Patton Named in Buffalo

Chester C. Patton has been appointed Buffalo manager of the Fire Companies Adjustment Bureau. He succeeds the late J. B. Tally. He will have jurisdiction over sub-offices in Niagara Falls and Jamestown. He has been assistant manager.

West Virginia Agents Meeting

The annual meeting of the West Virginia Association of Insurance Agents will be held at Huntington, Sept. 25.

MARINE

WSA Cargo War Risk Change

WASHINGTON—The War Shipping Administration has issued bulletin C-33, effective Aug. 26, which cancels and replaces all prior WSA rate bulletins on cargo shipments. The war risk insurance rate is 25 cents per \$100 on car-

goes insured under Warshipopencargo policies on shipments to the United States, its territories and possessions, and Panama Canal Zone, of imported raw or green coffee, cocoa or cacao beans shipped by water from South America, and cresylic acid.

Rates for "ship to shore" coverage are subject to provisions of standard optional endorsement No. 16 on any voyage covered by endorsement, under which "it is possible to receive a coverage at the port of shipment and the port of unloading for the single charge of 5 cents per cent."

CANADIAN

Call Inland Marine Conference

An invitation to a meeting to be held in Toronto Sept. 20 has been extended by the Canadian Inland Underwriters Association to all non-members writing inland marine business according to the Dominion government's last statistical returns. They are asked to sit in with a committee of the association for the purpose of discussing some measure of cooperation with respect to the regulation of inland marine business.

Canadian Superintendents to Meet

TORONTO — The Canadian Insurance Superintendents Association will hold an executive session in Quebec Oct. 22.

Improved Risk Promotions

NEW YORK—The Improved Risk Mutuals have promoted J. E. Phalon from underwriter to chief underwriter, D. A. Christie from underwriter to assistant chief underwriter, and W. E. Chessman from chief inspector in the Chicago district to chief engineer of the entire organization.

Mr. Phalon has been with I.R.M. for 19 years and Messrs. Christie and Chessman have been with the organization for 18 years.

Edward Robedee, formerly analyst in Great American's statistical department, has been engaged as head of the loss department, succeeding Alexander Baltzer, who resigned.

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